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Course of Study in Bookkeeping for Senior High Schools

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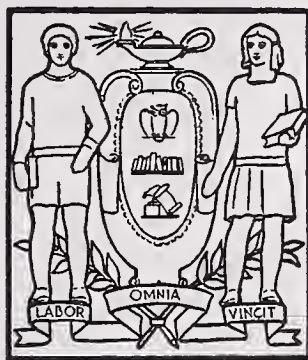
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Suggestions for Developing
A COURSE OF STUDY IN BOOKKEEPING
FOR
SENIOR HIGH SCHOOLS

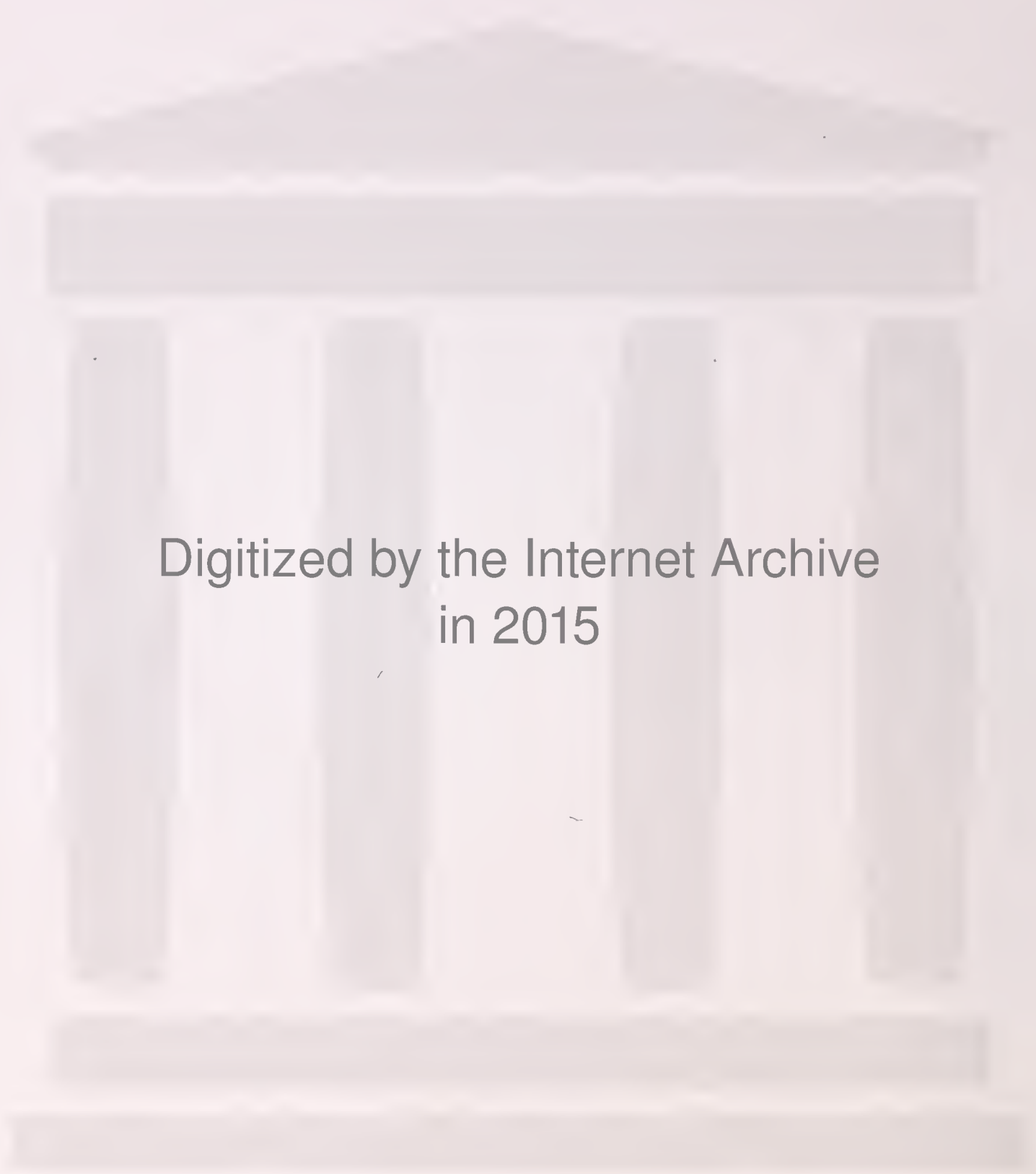


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COURSE OF STUDY IN BOOKKEEPING
FOR
SENIOR HIGH SCHOOLS



Bulletin 84

Commonwealth of Pennsylvania
DEPARTMENT OF PUBLIC INSTRUCTION
Harrisburg, Pennsylvania

1935

FOREWORD

IT is recorded by Professor Mulhern in his recent *History of Secondary Education in Pennsylvania* that "Even as early as 1683, Enoch Flowers taught a form of bookkeeping, or as it was called "cast accot", and Thomas Makin, in 1699, was teaching "Ye Rules of Practice (Ye only Rules for Business)". "Accounts" was included by Franklin as one of the subjects to be included in the curriculum of his academy.

Bookkeeping early became an important subject in the curriculum of Pennsylvania secondary schools. Though business conditions and the needs of pupils in the school changed, up until recent times relatively little was done to change the essential character of courses of study in the field of bookkeeping.

One may well ask if the principles of bookkeeping have any place in the curriculum of the average secondary school, since, of all those taking commercial subjects, few persons become professional bookkeepers and accountants. The fact that machine bookkeeping is almost universally practiced in banks and in large, well ordered business houses is also an important factor in determining course of study content.

There seem to be two purposes which should control the teaching of bookkeeping in the secondary school:

First, pupils who are to enter the business field should have a sound business background.

Second, an understanding of the principles of elementary bookkeeping and sufficient skill to keep one's own personal accounts, to read bank statements intelligently, to prepare budgets, and to do a host of other things related to bookkeeping, are important items in modern life.

Changed economic and social conditions, call for a change of method and material. Purpose and direction must be given to all courses offered in the secondary school. Mere memorization and computations must give way to studies and courses based on the needs of everyday life, approached from the standpoint of personal and social value. Curriculum experiences which will train pupils for everyday living, stress principles rather than mere rules; individualized techniques supplant mass production methods; present, rather than deferred values are given preference. A sound course of study in bookkeeping will develop the fundamental principles underlying this important branch of commercial work; individual abilities, interests, and capacities will be considered at every point; pupil's problems, those of his family, and his school will be drawn upon for instructional materials. It is along these lines that the committee on commercial courses of study has worked in organizing this course in bookkeeping.

LESTER K. ADE

Superintendent of Public Instruction

June, 1935.

ACKNOWLEDGMENTS

This bookkeeping course is one of a series on commercial education. Courses of study for handwriting, shorthand, and typewriting already have been published. Courses for office practice, junior business training, business economics, and business law are in preparation. This program is under the general direction of William H. Bristow, Director the Curriculum Bureau, and the work which has been done upon these courses is an excellent example of the cooperation and professional interest of teachers.

The committee for the revision of the commercial courses of study is as follows:

John G. Kirk, *Chairman*, Director, Commercial Education, Philadelphia, Pennsylvania; Ray B. Pinkel, Cheltenham High School, Elkins Park, Pennsylvania; Sue E. Andrews, Glen-Nor High School, Glenolden, Pennsylvania; and Thomas J. Milne, Upper Darby High School, Upper Darby, Pennsylvania.

In the preparation of this course in bookkeeping much credit is due James G. Brigham, Special Assistant to the Director of Commercial Education, Philadelphia, who assisted in the collection and organization of the material.

All who undertake a project of this kind do so at personal sacrifice. They make a definite contribution to the advancement of education in the Commonwealth. To the committee preparing this course of study and all who have helped them, we express our deep appreciation.

COURSE OF STUDY IN BOOKKEEPING

FOR

SENIOR HIGH SCHOOLS

PART I. ORGANIZATION OF BOOKKEEPING COURSE

IMPORTANCE OF BOOKKEEPING

WHAT is the educational importance of the study of bookkeeping? Is it purely vocational? Are we training too many bookkeepers? Leaders in commercial education who have raised these questions, claim that bookkeeping is vocational, and that we are training too many.

In the preparation of this course of study, the committee has given full consideration to these claims and calls attention to certain fallacies concerning them. That instruction in bookkeeping, in its elementary phases, should not have purely vocational objectives is a much more tenable position and one which is gaining acceptance. Some practical knowledge of bookkeeping principles is essential for all citizens. Correct thinking in many kinds of personal relations, as well as in civic affairs, is dependent upon a knowledge of and practice of correct bookkeeping procedures. An understanding of investment markets, foreign and domestic financial affairs, budgeting, and budget control are only a few examples of how a knowledge of common bookkeeping terms and practices help every homemaker, store owner and manager, professional man, plumber, carpenter, painter, repair shop owner, and farmer. In other words, elementary bookkeeping should provide pupils with a fund of general information and skills which are personally valuable. Also the number of clerks who perform mere subdivisions of bookkeeping work on machines is no argument against the worth of instruction in bookkeeping. It rather emphasizes the social need for a type of general instruction which will enable clerks to see their job in its relation to the whole bookkeeping process.

Because every citizen needs some understanding of and training in efficient methods of account keeping, the first year of this course has been developed in the nature of an introductory course valuable from the personal, social, and vocational viewpoint. The objectives of this introductory course are to teach those appreciations, knowledges, and skills which are personally valuable to everyone, and at the same time serve as a basis for the more specialized work to follow.

Account keeping for partnerships and corporations carry pupils beyond the purposes of an introductory course in bookkeeping. Instruction in this advanced form of bookkeeping, if elected, should occupy the pupil's time in the upper years of the high school. Such instruction will of necessity include the presentation of rules and requirements of exact knowledge

and practice. The teacher will ever be alert to emphasize every factor which is socially and personally valuable in both elementary and advanced bookkeeping. Since a transaction underlies all trade relations and is the starting point of our system of trade, it is highly important that the pupil should understand the nature of a transaction. For this a limited technical vocabulary is necessary. Drills to develop automatic skills in the performance of routine tasks have been developed at appropriate places.

It is hoped that this preliminary course of study will stimulate a study of this problem and that studies may be made available to the teachers of the Commonwealth through the Department of Public Instruction.

The need of the following is clearly recognized by those responsible for the preparation of the course:

1. A clearer understanding of the general and specific objectives of the course.
2. A more complete statement of standards.
3. Better methods of grouping subject matter data in composing instruction units.
4. A variety of lesson plans designed to reveal improved methods of teaching bookkeeping skills.
5. A wealth of properly graded practice exercises to fit instructional units.
6. Results experimentally acquired which may aid us in determining the proper balance between presentation and drill.
7. Standardized tests based on units of instruction.

This course of study should be of interest to principals and superintendents who are concerned with the place of bookkeeping in the program; the principles governing its program placement; the kind of teacher and teaching required; and desirable standards of work. The local school board often desires to know the significance of the study, the kind of teachers required, the materials of instruction necessary, and the standards which should be required.

It is the plan of the Department of Public Instruction to organize a continuing program of curriculum revision. Teachers who use this course of study in bookkeeping are urged to furnish the Department with criticism and suggestions, sample tests, and materials and devices of instruction which have proved to be of help.

Principles upon which this Course of Study is Based

Pre-employment training given in the high school for occupational levels which the pupil cannot reach for several years after preparing for them is questionable. The age range for bookkeepers, as revealed in "Occupational Statistics" for Pennsylvania, based on the fifteenth Census is as follows: 14.5 percent of those employed as bookkeepers, cashiers, or accountants were nineteen years of age or under; 32.9 percent were between twenty and twenty-four years old; 29.7 percent were between twenty-five and thirty-four years old; 22.9 percent were over thirty-four. The program placement recommended on page 5 is in conformance with this principle.

Training in bookkeeping practices designed to be personally and socially valuable, can be justified for all pupils.

The degree of aptitude and success shown by pupils in the study of elementary bookkeeping should be one important factor in determining whether a pupil may be admitted to the course in advanced bookkeeping.

Pupils who elect the study of advanced bookkeeping should understand that they are taking the course with definite vocational objectives.

The needs of the community and the number of pupils desiring such training are important factors in determining whether or not a course in advanced bookkeeping should be offered in a given school.

The teaching materials used in the first course in bookkeeping instruction should be selected and organized into a course of study largely on the basis of their value in meeting individual and social needs. For advanced pupils the course should be organized on the basis of vocational value in business.

Skills must be developed by methods which do not confuse the pupils as to knowledge about the subject and the development of skill in the practice of the subject.

Suggestions for Teaching

The position of bookkeeper is not very well defined in many commercial fields. There are many grades of bookkeeping, or office workers, who are called bookkeepers. These include entry clerks, posting clerks, billing clerks, cost clerks, and assistant bookkeepers.

The schools cannot hope to teach the details of bookkeeping according to the needs of every kind of business. Except in few cases, these details must be learned on the job.

Drill exercises and units of instruction should be short and practical, according to the objectives sought.

Instruction in bookkeeping should begin with transactions which are within the experience of the pupils. In this course of study, the first exercises center about the records which the pupil should keep of his own personal accounts. Subsequent exercises should illustrate and drill upon the keeping of the accounts of the family, clubs, general organization of the school, associations, and small businesses.

Enough time should be devoted to drill upon each kind of record-keeping to enable the pupil to keep efficiently his own personal accounts and the accounts

of the family, class, club, association, or of a personal business activity.

Tests in bookkeeping may be of two kinds: One, the kind which seeks to discover what knowledges the pupil has acquired, and two, the kind which seeks to discover his degree of speed and skill.

Tests for knowledge and information in bookkeeping may be constructed according to any of the approved forms of objective tests.

Skill tests should be practical. They should test the pupil upon his ability to perform the work of the bookkeeper as nearly as possible according to business procedures and practices.

Pupils should be held responsible for their best handwriting at all times. The business standard for handwriting is quality 70 on the Ayres Measuring Scale for Handwriting, Gettysburg Edition. The rate of writing should be at least 100 letters a minute. Figures should be well formed and made rapidly. Pupils who do not maintain this quality and rate in all written work should be given remedial instruction.

Pupils should be held responsible for speed and accuracy in the fundamental processes of arithmetic. Those who do not possess the skills needed to perform efficiently the work of bookkeeping should be given remedial instruction.

Objectives

The objectives of the first year's instruction in bookkeeping as outlined in this course of study include activities designed:

- A. To develop knowledge and skill which will enable the pupil:
 1. To make a budget and understand the importance of budgets in personal, family, fraternal, association, club, business, city, state, and national financial affairs.
 2. To control the operation of his budget by keeping a record of cash receipts and expenditures.
 3. To make an inventory, and the effect of the inventory upon the costs of sales, margin of profit, net profit, and net worth.
 4. To make a periodic analysis of net worth.
 5. To know the effect of depreciation and appreciation upon one's financial condition.
 6. To understand the elements that enter into the cost of an article.
 7. To prepare, read, and interpret simple business and financial statements.
- B. To give the pupil a command of the bookkeeper's vocabulary. Among the vocabulary controls which everyone should possess are included correct concepts of: assets, liabilities, capital, margin or gross profit, net profit, net worth, completing the year's business "in the black," or completing it "in the red," depreciation, appreciation, solvency and insolvency, rebate and allowance, trade discount, cash discount, and the elements in the cost of an article.

- C. To assist the pupil in acquiring skills which are developed to the point that will enable him to perform the bookkeeping work which is incidental to personal, family, club, association, store, professional, tradesman's, and the farmer's recording needs.
(Exercises supplied by the teacher should be designed to provide pupils with these skills).
- D. To explore interests and aptitudes in the field of bookkeeping, with a view to the subsequent selection of the courses in advanced bookkeeping, by those who can best profit by it from the vocational standpoint.

The objective of bookkeeping taught from the vocational standpoint include instruction designated to assist the pupils:

- A. To know the importance of bookkeeping as a tool which provides the proprietor with accurate information concerning the progress of his business.
- B. To fully comprehend such terms as: asset, liability, profit, loss, and capital, and how they are used in the business world.
- C. To increase the pupil's knowledge of and experience with bookkeeping records, forms, and labor-saving devices.
- D. To improve ability to analyze and record business transactions, and to interpret records.
- E. To increase the pupil's knowledge of the use, form, and content of business papers in common use.
- F. To acquire an understanding of kinds of proprietorship in business.
- G. To acquire a clearer understanding of the relationship of the accounting department to the other departments of a business.
- H. To master the techniques involved in performing clerical skills relating to bookkeeping.
- I. To understand the relationship of economics and business law to bookkeeping.
- J. To acquire a skill in arithmetic and handwriting which is adequate to the needs of a bookkeeper.
- K. To develop attitudes, standards, and motives which every bookkeeper should acquire in order to perform his work successfully.

Program Placement

The first course in bookkeeping follows the course in junior business training given in the high school grades.

The Fifth Yearbook on the Junior High School Curriculum¹ says, "Bookkeeping should be deferred to the senior high school. These general recommendations apply with equal force to small as well as large junior high schools." In this course of study

organized courses in bookkeeping are deferred until the tenth, eleventh, or twelfth years. By placing the first course in bookkeeping in the tenth year², it is possible to offer advanced bookkeeping with a vocational objective on the basis of one of the specialized curriculums in the eleventh and twelfth years. The curriculums suggested are advanced bookkeeping; shorthand; typewriting and secretarial practices; retail selling, and clerical office practice.

Wherever the needs of the community which any given high school serves make it feasible to offer a four or six semester course in bookkeeping, the placement and course numbers should be as follows:

Bookkeeping I — (two semesters) Elementary bookkeeping of the personally-valuable type. Credit—one unit.

Bookkeeping II — (two semesters) A course based on elementary vocational objectives. Credit—one unit.

Bookkeeping III — (two semesters) A course based on advanced vocational objectives. Credit—one unit.

Materials and Equipment

It is suggested that each pupil taking bookkeeping be provided with a loose-leaf notebook to accommodate paper 8½" x 11" in size. A notebook of these dimensions may be used to bind mimeographed and other duplicated copies which the teacher may distribute from time to time. Many exercises may be done on loose sheets of paper. The paper should be of a quality which will permit the use of ink and if ruled journal or ledger paper is used, it should be cut to the dimensions 8½" x 11".

All work should be done in ink except pencil footings and other temporary notations. A good quality of ink should be used. The use of red ink in bookkeeping is optional.

There are a great variety of pens on the market today, and any make, provided it is of good quality, may be selected. Stub pens should not be used, since such pens tend to retard speed. Fountain pens are to be permitted because they are so generally used in business offices. The teacher should inspect all fountain pens and refuse permission for the use of pens which require too much pressure, which produce a heavy line, or in which the ink does not flow easily.

A fifteen inch, bevel-edged ruler (the edge reinforced by metal) is standard equipment for the bookkeeping class.

The top of the bookkeeping desk should be large enough to hold all the books and supplies which the pupil must have arranged before him in order to work efficiently. If practice sets require the use of vouchers and forms, sufficient space for storing these supplies should be provided. Some types of bookkeeping desks have a pedestal on the lefthand side containing drawers. Where desks of this type are not provided, it will be necessary to arrange for some other kind of storage space. For this purpose

¹ N. E. A., Department of Superintendence—Fifth Yearbook: Junior High School Curriculum. 1927

² In many schools it will be found desirable to defer all bookkeeping until grade eleven.

the room used for bookkeeping should be equipped with storage cases or with filing cabinets.

Each room should be provided with a bulletin board upon which the teacher may display excellent work. The display of work of superior quality is one means of motivation. Such displays should be changed frequently. In every bookkeeping classroom there should be posted for permanent display a handwriting scale and alphabet charts. The handwriting scale provides both teacher and pupil with the means of checking the quality of the pupil's handwriting and the alphabet charts illustrate the proper form of capitals, small letters, and figures.

In the bookkeeping room there should be ample blackboard space. Wherever feasible, the ruling of bookkeeping forms on blackboards will save the time for both teacher and pupil. This ruling may be done with an ice pick or similar instrument.

The Teacher of Bookkeeping

As in all other phases of instruction, the teacher is the most important element in the development of a successful program of bookkeeping.

The certification requirements for a teacher of bookkeeping are as follows: Bookkeeping will be written on a commercial certificate or on a college certificate for teaching high school subjects upon the completion of eighteen semester hours of approved preparation in commercial education including twelve semester hours in bookkeeping.

In addition, the teacher of bookkeeping should be as well trained as any other teacher in the schools; he should have a thorough knowledge of the subject of bookkeeping and its relation to other phases of the commercial curriculum; he should be thoroughly trained in methods of bookkeeping, have good health and a clear, pleasant voice; be thoroughly familiar with business conditions and practices in the community in which he works and, if possible, have some actual experience as a bookkeeper; be professionally up-to-date, and have a library of worth while professional and general books.

Class Organization and Management

The following suggestions are made for the effective organization of classes in bookkeeping.

Psychology recognizes the importance of a good start. This applies both to the beginning of any new phase of work, and the beginning of every class session.

Success in the field of business is dependent in part upon being on time. Classes in all subject fields should begin on time.

The classroom should be prepared for the pupils before they assemble. Rooms should be clean, properly ventilated and heated; furniture properly arranged; material needed placed upon the board; supplies, textbooks, and other necessary articles at hand.

The following suggestions are made relative to the first day of school: If a teacher is new, he should make sure that the pupils know his name. If necessary, his name should be written upon the blackboard. A roll of all of the pupils should be supplied

the teacher by the office. If this is not done, the teacher should secure the names of the pupils the first day, with such information as is desirable from the standpoint of the proper administration of the class. Proper seating arrangement can be achieved only when rooms are equipped with chairs which are adjustable as to height. An attempt should be made to adjust all pupils to seats of a proper height. Because of the intense work in bookkeeping, special care should be given to posture. It should be kept in mind that great harm is caused by having seats which are too high for the pupils.

The class program in bookkeeping should be organized in a business-like manner utilizing directed learning procedures. The work must start promptly the first day if the teacher expects an energetic, enthusiastic attack upon the subject.

Approaches in Bookkeeping

Traditional courses in bookkeeping often begin with a vocabulary that is new and strange, and pupils are plunged immediately into a maze in which they have difficulty of comprehending.

Every pupil coming into the bookkeeping class has had experience with mathematics and understands the nature and form of problems. For that reason, a simplified form of balance sheet can safely be used as one form of approach to elementary bookkeeping. Pupils have also engaged in retail business transactions. They know that buying and selling is the foundation of all business, and that the record of such transactions is bookkeeping.

It is the aim of the elementary bookkeeping course outlined in this syllabus to begin with transactions which are within the pupil's experience, and it is suggested that the first exercise be a simple statement showing the pupil's present worth. The second experience might well include the preparation of a budget of income and expenditures, and a third based on keeping a cash record. A cash record is important because it is a check on his budget. The fourth exercise suggested is compiling an inventory and analysis of net worth. From this beginning, instruction can now proceed with bookkeeping adapted to the needs of the family, school, club or school organization, the professional man or woman, men who own or operate small business enterprises, trades, or farms.

There are three accepted approaches to bookkeeping which are intended for vocational purposes. These are the Journal Approach, the Account Approach, and the Statement or Equation Approach. All three of these approaches are widely used. The relative advantages of each are indicated briefly in the following statement:

The Journal Approach. Journalizing is the first step in bookkeeping work and therefore it lends itself naturally to an introduction to the subject. The method has been used by many teachers for years. It is considered by many to be the fundamental process in bookkeeping.

The Account Approach. Business transactions affect accounts. The pupil should very early in the

course obtain a knowledge of the underlying principles of accounts. In this approach the work proceeds directly from the pupil's experiences. It advances by easy stages from the known to the unknown. The "why" of each step is clearly shown.

The Statement on Equation Approach. It directs the pupil's attention first to the business itself and then to the use of bookkeeping in helping to solve the problems of the business. The reason for the various bookkeeping processes receives first emphasis. The effect of transactions on proprietorship is shown. This approach gives the pupil an overview of the whole subject at the very beginning.

Method and Teaching Procedure

The Class Period

A suggested distribution of the class period provides for both a review of work previously carried on and the presentation of new material. The time devoted to bookkeeping should provide the following elements:

1. Review of the work previously covered.
2. Presentation of new materials and drill on essential principles and skills.

Frequently pupils will be working upon units of work. In this case review periods may not come until after the units of work have been presented. Types of review exercises are as follows:

1. Questions reviewing information already covered.
2. A trial balance to be totaled.
3. A list of accounts to be classified.
4. Analysis of a series of accounts.
5. Rapid calculation exercises involving time between dates, date of maturity, interest, term of discount, bank discount and net proceeds, and cash discount.

Drill may be either of an oral or written type. Oral drill brings up many questions which form the basis for directed learning procedure.

The following are types of drill exercises which may be given to individual pupils or in which the class as a whole may participate:

1. Drill in journalizing types of transactions already studied.
2. Exercises intended to overcome difficulties in journalizing and in other bookkeeping skills.
3. Exercises based upon difficulties revealed in previous tests and exercises.
4. Posting, analysis of accounts, compiling of trial balance, or statements.
5. Check the homework with the class and review transactions which were difficult.

LESSON PLANS

In the following outline a number of suggested lesson plans are presented. It is not intended that these lesson plans should be developed on a day-to-day basis but are outlined primarily as indicating

types of procedure which may be found helpful to teachers in organizing their work.

TYPE PLANS

Unit: Keeping a record of personal business affairs.

Aim of Unit: To ascertain how much one is worth. Procedure: Every pupil has had some experience along these lines and in preparation for this presentation the teacher may well draw upon these experiences. Textbooks, blackboard diagrams, business forms and mimeographed materials should be prepared in advance so that they may be at hand. Following the discussion carried on somewhat as outlined on page 29 of this course of study, teachers and pupils may summarize the essential knowledge assembled in the lesson and also any skill which may have developed as a result of it.

PLAN FOR THE DEVELOPMENT OF THE PURCHASES JOURNAL

Unit: Special Journals.

Aims of the unit: To journalize through the purchases journal. This lesson assumes the ability of the pupil to journalize through the general journal.

Materials of Instruction:

- a. A list of entries in general journal form recording purchases on account. (See preparation.)
- b. Standard ledger account forms for posting. (a and b should be set up on the board.)
- c. Pupils' notebooks.
- d. Exercises for practice.

Preparation: (The teacher should place a few entries on the board similar to the following:)

JOURNAL July 16, 19—

Merchandise Purchases	100	00		
John Smith & Company			100	00
17				
Merchandise Purchases	200	00		
William Green & Sons			200	00
18				
Merchandise Purchases	300	00		
Henry White Company			300	00
19				
Merchandise Purchases	400	00	400	00
Hearst & Black				

- a. Review assumed knowledge. "You will notice that the entries on the blackboard all record merchandise purchases on account. What account is debited and what account is credited in recording the first transaction?" "The merchandise purchases account is debited and the account of John Smith and Company is credited." "What account is debited and what account is

credited in recording the second transaction, in recording the third, in recording the fourth?"

- b. Write the aim of the lesson on the blackboard and proceed with the presentation part of the lesson.

Presentation: "What do you notice on the blackboard in regard to each debit entry?" "In each

case, it is a debit to the merchandise purchases account. Every time the business purchases merchandise, the bookkeeper must record the transaction in just this way unless he uses a briefer method of summarizing such entries. This briefer method of recording purchase transactions is in a special journal known as a merchandise purchases journal." An illustration of such a journal is as follows:

PURCHASES JOURNAL							
		L. F.	Name	Address	Terms	Inv. No.	
July	16	3	John Smith & Company	40 Bridge Street	2/10-n-30	1	100 00
	17	3	William Green & Sons	56 Walnut Street	on acct.	2	200 00
	18	3	Henry White & Company	35 Greene Street	Cash 10 D.	3	300 00
	19	3	Hearst & Black	60 North 6th St.	2/10-n/60	4	400 00
	31	3	Mdse. Purchases Dr.				
							1,000 00

Questions which may be asked by the teacher concerning the purchases journal:

Why are the entries arranged in column form?

Where and how shall we indicate the amount to be debited?

What is the total debit?

To what account is the debit posted?

What should the total of debits equal?

Should we make any of our merchandise purchase entries in the general journal?

What is a merchandise purchase journal?

What are the advantages of keeping such a journal?

1. It is more economical in the use of material.

We save space, for there is now only one debit instead of many.

2. It provides for a division of labor; that is, it enables one clerk to work on this journal while other clerks work on other parts of the bookkeeping record.

3. It saves time: (a) in journalizing; (b) in posting.

4. There is less chance of error since there are fewer postings.

5. It enables us to find readily information regarding a particular purchase.

How do we post to personal accounts from the purchases journal?

Illustrate as follows:

John Smith & Co.

July	16	P	1	100 00
------	----	---	---	--------

William Green & Sons

July	17	P	1	200 00
------	----	---	---	--------

Henry White and Co.

July	18	P	1	300 00
------	----	---	---	--------

Hearst and Black

July	19	P	1	400 00
------	----	---	---	--------

How do we rule the purchases journal?

How do we post the debit from the purchases journal?

Illustrate as follows:

Mdse. Purchases									
July	31		P	1	1000	00			

Application: Assign as a drill an exercise involving merchandise purchases. Direct pupils to post, rule, and close the purchases journal.

Summary of Knowledges and Skills taught in this lesson:

1. Transactions involving purchases are entered in a special journal known as the purchases journal.
2. The form of the purchases journal.
3. Skill in journalizing through the use of the purchases journal.
4. How to rule the purchases journal.
5. How to post from the purchases journal.
6. Advantages of keeping a purchases journal.

The Use of A Notebook

In order that pupils may have material provided by the teacher in convenient form for study and reference, it is suggested that a notebook written in ink be kept by each pupil. Inasmuch as mimeographed notes will probably be used from time to time, a notebook which holds 8½ x 11 paper is most satisfactory.

Homework

Throughout the secondary school, an attempt is being made to develop instruction on a directed learning basis. Such a program can be carried on effectively only where a longer period of class instruction is provided which will make it possible to carry on advanced work during the regular class period. It is not usually possible in the bookkeeping period to secure sufficient time for the pupils to finish doing the work essential to the course. It may be necessary, therefore, to provide additional drill as homework assigned in accordance with the needs of the pupil. Such assignments, however, should definitely take into consideration the ability of the pupil and his needs. To be effective, bookkeeping instruction must be organized on the basis of individual differences. A pupil who is slow cannot be expected to accomplish as much as pupils who work at a more rapid rate. Likewise it is futile to make long homework assignments to pupils just because they are unable to carry on their class work effectively. It would be much more satisfactory to differentiate the assignments to the pupils on the basis of their individual ability to accomplish the tasks assigned to them.

Selecting the Bookkeeping Textbook

There are many textbooks in bookkeeping but few have been adapted as yet to meet the general ob-

jectives outlined by this course. In considering a textbook for bookkeeping, the following criteria is suggested:

1. Does the textbook meet the general objectives which have been set up locally for the course of study in bookkeeping?
2. Are any blanks and supplementary forms and vouchers included? This question is necessary so as to reduce the cost in materials and supplies.
3. Is the material in the text such as to be personally, socially, and vocationally worth while for the pupil for whom it is intended?
4. Are satisfactory exercises outlined to accomplish the objectives of the course?
5. Is the language of these exercises understandable to the pupils for whom they are intended? Are they designed on a basis to make them thought-provoking as well as mechanically correct?
6. Are the exercises not too long nor too complicated to be educationally valuable?
7. Is the pupil reaction to the various exercises satisfactory?
8. Are the exercises based on fundamental needs, knowledges, and skills which are essential to keeping personally and vocationally valuable records? Is the suggested drill in the skills suitable for this purpose?
9. Are textbooks which are to be used in classes where vocational use is demanded, based on exercises which will develop the skills needed in the office in which the pupil is likely to find employment? Certain specific exercises can only be determined after a survey has been made of community needs.
10. Are the illustrations and general style of the book such as to inspire the pupil to further work and to a more complete study of the fundamental social problems in record keeping? Teachers may test the modernness of the illustrations by securing from up-to-date local industries and the distributors of office machines and equipment, sample forms which are in everyday use in modern offices.
11. Is the print, ink, paper and binding of the book such as to make it psychologically correct? The pupil in a bookkeeping class must have arranged about him while he is recording, a number of books and blanks. Small type, poor ink, and glare impose undue eye strain.

12. Is the textbook organized so that it lends itself to effective organization of the course? Sets should not come in long, narrative form. Is the textbook so organized that it can be used in organizing a program of bookkeeping on the individual basis?

Use of the Textbook

The primary purpose of the textbook is to provide in convenient form supplementary explanations, exercises, and illustrations. Extensive reading from a text indicates poor technique. The textbook cannot be expected to cover the full range of material which should be included in a bookkeeping course and should be used as an aid and a tool.

Use of the Key

The use of a key should be restricted to the purpose for which it is intended, and teachers who manifest too great a reliance upon it are certain to lose the respect of their pupils. On the other hand, as a convenient tool to aid the teacher in her check ups, it is quite valuable.

Practice Exercises

The development exercise is used in bookkeeping in presenting a new skill. It provides opportunities whereby the teacher may explain and illustrate by work on the blackboard and class discussion many of the skills in bookkeeping which are technical and practical in nature. From these exercises a plan can

be developed whereby the pupils may carry on the procedure which is illustrated.

Practice exercises are intended to provide drill in the fixing of skills. Practice exercises also provide opportunities for analyzing individual differences and developing remedial instruction. The practice set is based upon the recording of transactions in a business narrative, and is to provide drill in recording a series of related skills which have heretofore been taught. The following is a suggested method for using a practice set:

The teacher should explain that the transactions in a practice set are not grouped according to the nature of the entry as they were in development and practice exercises, but occur in the way they might in business; that each transaction is to be recorded in its appropriate book; that all transactions are to be posted; that profit and loss accounts should be opened and the necessary adjustments recorded; and that the income statement and balance sheet should be compiled. This discussion should be designed to give the pupils an overview concerning the work they are about to undertake.

While the practice set is designed to provide drill in performing the skills which were taught in development and practice exercises, the teacher should check upon the pupil's knowledge of how to proceed and reteach any skills concerning which the pupil might be uncertain.

On pages 11 and 12 are models for check sheets which may be used by the teacher in marking practice sets.

SUGGESTED CHECKING SHEET FOR BOOKKEEPING SETS

Part I

Journalizing, Posting, and Compiling a Trial Balance

Name Class Number Date Score

I. Appearance and Form (40 Points)	No. of Errors
1. Penmanship	
2. Care in keeping papers and books clean	
3. Care in correcting mistakes	
4. Folios and Dates	
5. Ruling in Journal Account	
II. Journals (30 Points)	
6. Correct Journal selected for the entry P. J.—S. J.—C. R. J.—C. P. J.—G. J.—V. R.—N. R. J.—N. P. J. date of	
7. Every entry correctly made in: P. J.—S. J.—C. R. J.—C. P. J.—G. J.—V. R.—N. R. J.—N. P. J. date of	
8. Correct amounts entered in: P. J.—S. J.—C. R. J.—C. P. J.—G. J.—V. R.—N. R. J.—N. P. J. date of	
9. No entry omitted in: P. J.—S. J.—C. R. J.—C. P. J.—G. J.—V. R.—N. R. J.—N. P. J. date of	
10. Explanation adequate: P. J.—S. J.—C. R. J.—C. P. J.—G. J.—V. R.—N. R. J.—N. P. J. date of	
11. Posting summary in: P. J.—S. J.—C. R. J.—C. P. J.—G. J.—V. R.—N. R. J.—N. P. J. date of	
12. Footings in: P. J.—S. J.—C. R. J.—C. P. J.—G. J.—V. R.—N. R. J.—N. P. J.	
13. Footings brought down or forwarded in: P. J.—S. J.—C. R. J.—C. P. J.—G. J.—V. R.—N. R. J.—N. P. J.	
III. Ledgers (30 Points)	
14. Posting during the period completed in: Account G. L.—S. L.—P. L.	
15. Postings correctly made to the: Account G. L.—S. L.—P. L.	
16. Posting of totals to the: Account G. L.	
17. Accounts balanced correctly in: Account S. L.—P. L.	

SUGGESTED CHECKING FOR BOOKKEEPING SETS

Part II

Practice Set Work after the Trial Balance

Name Class Number Date Score

I. Accuracy (60 Points)	No. of Errors
18. All parts of the set completed	
19. Calculation of	
20. Schedule of	
21. Gross Profit, Net Profit, Net Capital.....	
22. Adjusting entry for	
23. Closing entry for	
24. Other items	
II. Form (25 Points)	
25. Correct Statement of headings	
26. Deduction to evaluate the Asset—Balance Sheet	
27. Adjustments-keyed in Work Sheet	
28. Schedules keyed with their controls	
29. Order of the closing entries	
30. Accounts balanced correctly	
31. Other items	
III. Appearance (15 Points)	
32. Penmanship	
33. Papers kept clean	
34. No erasures	
35. Ruling	
36. Other items	

Tests

WHEN GIVEN

Pretests should be given at the beginning of the semester and achievement tests should be given after the completion of each unit of work or each group of units which are closely related.

KINDS

The kinds of tests sometimes given are: Essay, true-false, multiple choice, answer completion, matching, problem-solving, and perhaps others. Teachers also use a combination of these kinds in one test. The test may take the form of a rate test, power test, or a scale test. The characteristics of tests are: objective, subjective, diagnostic, achievement, and survey. The kind of test best suited to the needs of the bookkeeping pupil is one in which all the elements are truly objective, and in which the results are capable of diagnostic analysis.

In order to compose a good test, the teacher should first decide just what knowledges and skills the pupil should be tested upon. Tests which require only one

word answers or a selection from several possible choices are very good to test for information, but are of little value in testing for skill. If the teacher wishes to find out whether the pupil can do a particular process such as journalizing or analyzing the results of his accounts, the multiple choice type of test will not suffice. Whenever possible he should ask the pupil to do the very thing that would be done by a bookkeeper, offering the pupil no more than the customary aids. If the test is one on analyzing accounts he must first set up the material in the form in which it would appear in the ledger. The questions should reveal the pupil's ability to explain the situation. More will be said concerning the diagnostic value of tests under "Interpreting Tests Diagnostically for the Purpose of Providing Remedial Instruction."

A series of suggested tests follow. The first and second tests cover the work of the first year; the third and fourth tests, the work of the second year. In the section on "Directions for Giving Tests" is detailed a suggested method for administering the tests.

Total Errors	Name	Section
0		

TEST IN BOOKKEEPING I

First Semester

Section I

Using the cash record blank of John Martin, provided on the lower half of this page, record the following cash transactions:

Sept. 10—He had a cash balance of \$1.20; received his allowance from his mother, 75c; spent for carfare, 15c; lunch, 25c; school supplies, 25c.

11—Received allowance, 75c; spent for carfare, 15c; lunch, 25c; paper tablet, 10c; pencil, 5c; candy, 10c.

12—Received allowance, 75c; spent for carfare, 15c; lunch, 25c; notebook and paper, 20c.

13—Received allowance, 75c; spent for carfare, 15c; lunch, 25c; candy, 10c; school supplies, 20c.

14—Received allowance, 75c; spent for carfare, 15c; lunch, 25c; present for mother, 50c.

15—Earned for working in a store, \$1.50; paid 50c for the World Almanac; movies, 25c; candy, 10c.

16—Gave to church, 30c.

Rule and balance the cash record.

CASH RECORD OF JOHN MARTIN

[illegible]

Section II

Prepare a monthly budget for William Wilson's family using the following information:

\$150.00 Monthly income

50% of his income to be spent for living expenses

10% for education or advancement

10% for recreation

10% for church and charity

20% for savings

BUDGET OF WILLIAM WILSON'S FAMILY

Living Expense	\$
Education or Advancement	\$
Recreation	\$
Church and Charity	\$
Savings	\$

Section III

Using the "T" accounts provided record the following transactions:

Oct. 1—An athletic association appropriated \$25.00 to finance the purchase of peanuts and popcorn to be sold at football games.

Purchased peanuts for \$15.00.

2—Purchased popcorn for \$5.00.

3—Bought paper bags costing \$1.00.

4—Sales for the day amounted to \$23.00.

10—Bought peanuts and popcorn for \$22.00.

11—Sales amounted to \$24.00.

16—Bought bags costing \$1.00.

17—Bought peanuts and popcorn for \$25.00.

18—Sales amounted to \$30.00.

--	--	--	--	--

Section IV

Compile an income statement and a balance sheet from the information contained in the following account records and inventory:

Cash	Capital	Purchases	Sales	General Expense
220.00	190.00	80.00	120.00	10.00

Inventory of merchandise amounted to \$15.00.

INCOME STATEMENT

--	--	--	--	--

BALANCE SHEET

--	--	--	--	--

Name _____

Section _____

TEST IN BOOKKEEPING I

Second Semester

Section I

Journalizing

Time Taken _____

Total Errors _____

Enter in the blank spaces after each transaction the account to be debited and the account to be credited.

EXAMPLE:

R. F. Banks began business investing \$1000.00 in cash.

Debit _____ Cash _____ Credit _____ R. F. Banks, Capital _____

1. Bought merchandise from W. R. White on account.

Debit _____ Credit _____

2. Paid rent for the month.

Debit _____ Credit _____

3. Sold to G. M. Gates merchandise on account.

Debit _____ Credit _____

4. Gave our note to W. R. White to apply on account.

Debit _____ Credit _____

5. Paid the bookkeeper his salary for the month.

Debit _____ Credit _____

6. Received from G. M. Gates his note to apply on account.

Debit _____ Credit _____

7. Paid our note to W. R. White due today.

Debit _____ Credit _____

8. Received from G. M. Gates cash to apply on account.

Debit _____ Credit _____

9. Gave cash to W. R. White to apply on account.

Debit _____ Credit _____

10. G. M. Gates paid his note due today.

Debit _____ Credit _____

Total Errors a _____ b _____

Section II

Posting

This part of the test is an exercise in posting special journals. Two of the items in the cash receipts journal as illustrated have been posted. Finish the posting from the cash receipts journal and post the three other journals, using the "T" accounts provided. Be sure to write the name of the account.

Cash Receipts Journal

Date	L.F.	Account	Explanation		
Jan. 1		E. G. Long, Capital	Investment	3000 00	
12		Notes Receivable	James Allen's note	100 00	
			Total Receipts		3100 00
		E. G. Long, Capital	Notes Receivable	(c)	
					1 (c)

Cash Payments Journal

Date	L.F.	Account	Explanation		
Jan. 1		General Expense	Rent for January	100 00	
2		Notes Payable	Paid note sent to H. Hall	200 00	
			Total Payments on hand		300 00
30		Balance			2800 00
					3100 00
		(a)	(b)	(c)	
					2 (a)
					(b)
					(c)

Purchase Journal

Date	L.F.	Account	Address	Terms	Inv. No.		
Jan. 1		B. S. Reed	560 Vine St.	on a/c	1	200 00	
2		D. F. Koch	320 Arch St.	on a/c	2	100 00	
			Mdse. Purchases				300 00
		(a)	(b)	(c)			
							3 (a)
							(b)
							(c)

Sales Journal

Date	L.F.	Account	Address	Terms	Sales No.		
Jan. 10		J. M. Allen	300 Vine St.	on a/c	1	50 00	
12		R. S. Connor	200 Gratz St.	on a/c	2	150 00	
			Mdse. Sales				200 00
		(a)	(b)	(c)			
							4 (a)
							(b)
							(c)

Total errors a & b _____, c _____

Section III—A
Analysis of Accounts

In the following illustrations are certain account records from the ledger of E. C. Richards.

Cash		C. R. Reed		Stone & Long		E. C. Richards, Capital	
400.00		200.00	200.00	400.00	400.00		Apr. 1—1300.00
1500.00	700.00	300.00	200.00	300.00	200.00		
		100.00			200.00		

After examining the accounts illustrated, answer the following questions:

1. What was the total amount of sales made to C. R. Reed?	\$	.00
2. What was the total amount of goods purchased from Stone and Long?	\$	.00
3. How much of C. R. Reed's account did Reed pay to the business?	\$	.00
4. How much of Stone and Long's account did the business pay them?	\$	.00
5. How much does C. R. Reed still owe the business?	\$	.00
6. How much does the business still owe to Stone and Long?	\$	.00
7. What were the total cash receipts?	\$	.00
8. What were the total cash payments?	\$	.00
9. What was the net amount of cash on hand at the end of the month?	\$	.00
10. How much capital did Richards have at the beginning of the month?	\$	.00
Total errors		

Section III—B

Five possible situations facing a bookkeeper at the end of the month are here illustrated. Study each problem and indicate in the two blank spaces, which are provided at the right of each problem, the amount of gain or loss.

Merchandise Sales		Merchandise Purchases		Inventory (final)—\$40.00	
	80.00		140.00		
1. Was there a gross gain or loss, and how much was it?				\$	.00
Merchandise Sales		Merchandise Purchases		Inventory (final)—\$40.00	
	80.00		110.00		
2. Was there a gross gain or loss, and how much was it?				\$	.00
Merchandise Sales		Merchandise Purchases		Inventory (final)—\$50.00	
	80.00		110.00		
3. Was there a gross gain or loss, and how much was it?				\$	.00
Merchandise Sales		Merchandise Purchases		General Expense	
	80.00		110.00	40.00	
				Inventory (final)—\$50.00	
4. Was there a gain or loss, and how much was it?				\$	.00
Merchandise Sales		Merchandise Purchases		General Expense	
	120.00		110.00	40.00	
				Inventory (final)—\$50.00	
5. Was there a gain or loss, and how much was it?				\$	.00
Total Errors					

Five answers—two parts to each answer.

Section IV
Account Classification

In your ledger there are four kinds of accounts according to the results shown by their balances. These are:

1. Asset
2. Cost or loss
3. Liability
4. Gain or income

In the following list of five accounts, circle the kind to which each belongs.

EXAMPLE: Cash is an (asset), liability, cost, or gain.

1. E. G. Raine (creditor) is an asset, liability, cost, or gain account.
2. General Expense is an asset, liability, cost or gain account.
3. G. R. Mason (customer) is an asset, liability, cost, or gain account.
4. Notes Payable is an asset, liability, cost, or gain account.
5. Mdse. Inventory (final) is an asset, liability, cost, or gain account.

Total errors _____

Section V
Trial Balance

Using the following ledger accounts of E. N. Dapp, proprietor, draw up a trial balance. A form is supplied in which to make entries.

E. N. Dapp, Capital		Cash		Merchandise Purchases	
	1500.00	1500.00	200.00	700.00	100.00
		200.00	200.00		
Merchandise Sales		J. R. Rhodes		S. R. Green & Co.	
100.00	600.00	600.00	100.00	200.00	700.00
			200.00	300.00	
			100.00	100.00	
Notes Receivable		Notes Payable		General Expense	
200.00	100.00	100.00	300.00	100.00	

1.	E. N. Dapp, Capital				
2.	Cash				
3.	Mdse. Purchases				
4.	Mdse. Sales				
5.	J. R. Rhodes				
6.	S. R. Green & Co.				
7.	Notes Receivable				
8.	Notes Payable				
9.	General Expense				

Total errors _____

TEST IN BOOKKEEPING I

Name _____

Class No. _____

Third Semester

Section I

Journalizing

Enter debits and credits for the following transactions. Use the "T" accounts provided and write the title of each account before recording the entry. Omit folios and dates. See example.

EXAMPLE: Bought goods on account from S. H. Barnes for \$200.00.

Entry recorded:

Merchandise Purchases

200.00

S. H. Barnes

200.00

1. Sent a bill of goods to S. D. Brooks for \$500.00, accompanied by a 30-day trade acceptance. Brooks accepted the trade acceptance.

2. On February 20, paid William Bacon's invoice for \$400.00 dated February 11, terms 2/10, n/30.

3. Received from O. F. Ford a time draft in our favor for \$100.00 drawn on and accepted by G. O. Mason.

4. Received from Albert Smith his 30-day note for \$300.00 and \$200.00 cash for the balance to pay his account in full.

5. Twenty days later discounted Albert Smith's 6% note for \$300.00 at the bank.

Total errors in Section I _____

Section II
Posting Totals

This is a test in posting the totals of special journals. Post the totals of the three following journals using the "T" accounts at the end of Section II on the next page.

Sales Journal

Date	L. F.	Account	Address	Terms	Sales No.		
Jan. 10		J. M. Allen	200 Vine St.	on a/c	1	50	00
12		R. S. Connor	200 Gratz Street	on a/c	2	150	00
			Mdse. Sales			200	00

Cash Receipts

Date	L. F.	Account	Explanation	Accounts Receivable	Discount on Sales	Net Receipts
19-Feb. 1		D. E. Ide, Capital	Investment			1500 00
2		F. N. Rush	425 N. 15th St.	80 00	4 00	76 00
3		H. S. Ross	732 N. 12th St.	120 00	6 00	114 00
30		Discount on Sales			10 00	
30		Cash				
			Total Receipts			1690 00

Cash Payments

Date	L. F.	Account	Explanation	Accounts Payable	Discount on Purchases	Net Payments
19-Feb. 1		G. R. Ringe & Co.	Easton, Pa.	300 00	9 00	291 00
2		R. O. Fisk & Co.	Seranton, Pa.	500 00	10 00	490 00
30		Discount on Purch.			19 00	
30		Cash				
30		Balance				
						781 00
						909 00
						1690 00

Cash

Dis. on Sales

Dis. on Purchases

Sales

Total errors on Sec. II _____

Section III

Trial Balance

In the following exercise the bookkeeper posted to the ledger correctly, but he made mistakes in his attempt to compile a trial balance. Examine carefully each account on the next page and enter the correct balances in the trial balance form below.

Incorrect Trial Balance, June 30, 1931

Correct Trial Balance, June 30, 1931

E. R. Raine, Cap.		3000 00		E. R. Raine, Cap.			
Cash	882 00			Cash			
Mdse. Purchases		1500 00		Mdse. Purchases			
Mdse. Sales	1800 00			Mdse. Sales			
Dis. on Purchases		18 00		Dis. on Purchases			
Dis. on Sales	12 00			Dis. on Sales			
R. J. Fells	1200 00			R. J. Fells			
Notes Receivable		500 00		Notes Receivable			
S. R. Lee & Co.	1500 00			S. R. Lee & Co.			
Totals	5394 00	5018 00		Totals			

Total errors in Section III

LEDGER

E. R. Raine, Capital

June 15	Withdrawal	C.P.	6	1000 00	June 1	Net Capital	C.R.	5	3000 00
---------	------------	------	---	---------	--------	-------------	------	---	---------

Cash

June 1		C.R.	5	3000 00	June 30		C.P.	6	1588 00
30		C.R.	5	882 00					

Mdse. Purchases

June 30		P.	4	1500 00					
---------	--	----	---	---------	--	--	--	--	--

Mdse. Sales

					June 30		S	3	1800 00
--	--	--	--	--	---------	--	---	---	---------

Discount on Purchases

					June 30		C.P.	6	12 00
--	--	--	--	--	---------	--	------	---	-------

Discount on Sales

June 30		C.R.	5	18 00					
---------	--	------	---	-------	--	--	--	--	--

R. J. Fells

June 4		S.	3	800 00	June 5		N.R.	7	300 00
9		S.	3	400 00			N.R.	7	200 00

Notes Receivable

June 30		N.R.	7	500 00	June 6		C.R.	5	300 00
---------	--	------	---	--------	--------	--	------	---	--------

S. R. Lee & Co.

June 3		C.P.	6	600 00	June 2		P.	4	1000 00
					June 10		P.	4	500 00

Section IV—A
Negotiable Instruments

\$600.00	Philadelphia, Pa. Jan. 2, 193
Thirty	days after date pay to the order of John White
Six hundred and no/100	Dollars
At the Second National Bank	
Value received and charge to the account of	
To: James Moore Chester, Pa.	Harry Mann

Fill in the blank spaces:

1. Is the above instrument a sight or time draft?
2. The drawer is
3. The payee is
4. The drawee is
5. The day of maturity is

Total errors in Sec. IV—A

Section IV—B

Circle the correct answer in each of the following questions:

1. If the above negotiable instrument were discounted on Jan. 12, the term of discount would be 30 days, 20 days, 21 days, 10 days.
2. If the term of discount were 60 days, the discount would be \$1.00, \$9.00, \$6.00, \$3.00.
3. If the term of discount were 30 days, the proceeds would be \$590.00, \$594.00, \$599.00, \$597.00.
4. If it were a 60-day interest-bearing note, the value at maturity would be \$660.00, \$606.00, \$603.00, \$600.00.
5. If it were a 40-day interest-bearing note and the term of discount were 30 days, the net amount of interest earned would be \$6.00, \$3.02, \$.98, \$4.00.

Total errors in Sec. IV—B

Section V—A

Profit & Loss

Five possible situations which might face a bookkeeper at the end of the month are as follows: Study each problem and write the answer in the blank spaces.

<table border="0" style="width: 100%;"> <tr> <td style="width: 50%; border-bottom: 1px solid black;">Mdse. Purchases</td> <td style="width: 50%; border-bottom: 1px solid black;">Mdse. Sales</td> </tr> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black;">150.00</td> <td style="border-left: 1px solid black; border-right: 1px solid black;">160.00</td> </tr> </table>	Mdse. Purchases	Mdse. Sales	150.00	160.00	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%; border-bottom: 1px solid black;">Mdse. Purchases</td> <td style="width: 50%; border-bottom: 1px solid black;">Mdse. Sales</td> </tr> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black;">180.00</td> <td style="border-left: 1px solid black; border-right: 1px solid black;">160.00</td> </tr> </table>	Mdse. Purchases	Mdse. Sales	180.00	160.00	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Inventory----\$30.00</td> <td style="width: 50%;">What was the cost of sales? .00</td> </tr> </table>	Inventory----\$30.00	What was the cost of sales? .00		
Mdse. Purchases	Mdse. Sales													
150.00	160.00													
Mdse. Purchases	Mdse. Sales													
180.00	160.00													
Inventory----\$30.00	What was the cost of sales? .00													
1. Was there a gross gain or loss, and how much was it? _____ \$.00														
<table border="0" style="width: 100%;"> <tr> <td style="width: 50%; border-bottom: 1px solid black;">Mdse. Purchases</td> <td style="width: 50%; border-bottom: 1px solid black;">Mdse. Sales General Expense</td> </tr> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black;">180.00</td> <td style="border-left: 1px solid black; border-right: 1px solid black;">160.00 20.00</td> </tr> </table>	Mdse. Purchases	Mdse. Sales General Expense	180.00	160.00 20.00	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Inventory----\$30.00</td> <td style="width: 50%;">Interest Earned</td> </tr> <tr> <td></td> <td style="border-bottom: 1px solid black;">30.00</td> </tr> </table>	Inventory----\$30.00	Interest Earned		30.00	2. Was there a net gain or loss, and how much was it? _____ \$.00				
Mdse. Purchases	Mdse. Sales General Expense													
180.00	160.00 20.00													
Inventory----\$30.00	Interest Earned													
	30.00													
<table border="0" style="width: 100%;"> <tr> <td style="width: 50%; border-bottom: 1px solid black;">Mdse. Purchases</td> <td style="width: 50%; border-bottom: 1px solid black;">Mdse. Sales General Expense</td> </tr> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black;">180.00</td> <td style="border-left: 1px solid black; border-right: 1px solid black;">160.00 20.00</td> </tr> </table>	Mdse. Purchases	Mdse. Sales General Expense	180.00	160.00 20.00	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Inventory----\$30.00</td> <td style="width: 50%;">Interest Earned</td> </tr> <tr> <td></td> <td style="border-bottom: 1px solid black;">30.00</td> </tr> </table>	Inventory----\$30.00	Interest Earned		30.00	3. Was there a net gain or loss, and how much was it? _____ \$.00				
Mdse. Purchases	Mdse. Sales General Expense													
180.00	160.00 20.00													
Inventory----\$30.00	Interest Earned													
	30.00													
<table border="0" style="width: 100%;"> <tr> <td style="width: 50%; border-bottom: 1px solid black;">Purchases</td> <td style="width: 50%; border-bottom: 1px solid black;">Sales General Expense</td> </tr> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black;">180.00</td> <td style="border-left: 1px solid black; border-right: 1px solid black;">160.00 20.00</td> </tr> </table>	Purchases	Sales General Expense	180.00	160.00 20.00	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Inventory----\$30.00</td> <td style="width: 50%;">Interest Earned</td> </tr> <tr> <td></td> <td style="border-bottom: 1px solid black;">30.00</td> </tr> </table>	Inventory----\$30.00	Interest Earned		30.00	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Dis. on Sales</td> <td style="width: 50%;">Interest Earned</td> </tr> <tr> <td style="border-bottom: 1px solid black;">40.00</td> <td style="border-bottom: 1px solid black;">30.00</td> </tr> </table>	Dis. on Sales	Interest Earned	40.00	30.00
Purchases	Sales General Expense													
180.00	160.00 20.00													
Inventory----\$30.00	Interest Earned													
	30.00													
Dis. on Sales	Interest Earned													
40.00	30.00													
4. Was there a net gain or loss, and how much was it? _____ \$.00														
Five answers.														

Total errors in Section V-A _____

Section V-B

Statements

The following is a record of the accounts of J. R. Reed, proprietor, as of September 30, 1931:

J. R. Reed, Capital	Cash	Dis. on Purchases
Sept. 1-3000.00	5746.00 3918.00	40.00
Mdse. Purchases	Mdse. Sales	General Expense
3900.00	2900.00	150.00
F. J. Stone	N. L. Myers	Interest Paid
550.00	500.00	12.00

The merchandise inventory on September 30 was \$1500.00

From the records of the above accounts and inventory, fill in the following blanks:

1. The net amount of cash on hand was \$.00.
2. The total assets amounted to \$.00.
3. The total liabilities amounted to \$.00.
4. The amount of other income in addition to income from sales was \$.00.
5. The amount of other expenses in addition to cost of sales was \$.00.

Total errors in Section V-B _____

Name _____

Class No. _____

TEST IN BOOKKEEPING II**Fourth Semester**

Time Taken _____

Total Errors _____

Section I**Journalizing**

Show the debits and credits for each of the following transactions. Use the "T" accounts provided and write the title of each account before recording the entry. Omit folios and dates. See example.

EXAMPLE: We receive a check from J. R. Carr for \$200.00 in payment of his note due today.

Entry recorded:

Notes Receivable

200.00

Cash

200.00

1. We receive a note from the bank that our interest-bearing note for \$300.00 in favor of Wm. White is at the bank for collection. We pay the note and interest by check. The amount of the interest is \$3.00.

2. We have a notice from the bank that it has collected C. F. Jordan's trade acceptance for \$1,000.00 due today.

3. We pay the payroll consisting of Office Salaries \$100.00 and Salesmen's Salaries \$150.00.

4. We pay from the petty cash drawer \$2.00 for grease for the delivery truck and \$3.00 for stamps.

5. Our customer, William S. Adams, who owes us a balance of \$500.00 can not pay his debts. He effected a compromise with his creditors by agreeing to pay 50 cents on the dollar which we accept. He sends us a check for the amount agreed upon.

Total errors in Section I _____

Section II
Posting Totals

This is a test in posting the totals of special journals. Post the totals of the following journals using the "T" accounts provided. Remember to write the name of the account over the "T".

Cash Receipts Journal

Date	F	Account	Explanation	Cash		Discount on Sales	Accounts Receivable	Sales	Interest Paid	General Ledger
19- Apr.	1	Balance		1360	50					1360 50
	2	Roberts & Co.	3/25-2%	588	00	12 00	600 00			
	3	Notes Rec. Dis.	Barr 3/18	798	00				2 00	800 00
	4	Sales	R. S. Frey	400	00			400 00		
				1786	00	12 00	600 00	400 00	2 00	800 00

Cash Payments Journal

Date	F	Account	Explanation	Cash		Discount on Purch	Accounts Payable	General Expense	Selling Expense	General Ledger
19- Apr.	2	Lang & Co.	3/23-2%	686	00	14 00	700 00			
	3	Selling Expense	Salary	53	50				53 50	
	4	General Expense	Office Exp.	5	00			5 00		
	5	Notes Payable	Cook 3/6	100	00					100 00
				844	50	14 00	700 00	5 00	53 50	100 00
May	1	Balance		2302	00					2302 00

ten answers

Total errors

Section III

Account Classification

Classify each item below according to the classification on the right. Write after each the class to which it belongs.	Accrued Asset Deferred Asset	Classification	Accrued Liability Contingent Liability
1. Office Salaries Accrued.	_____		
2. Interest Accrued on Notes Receivable	_____		
3. Insurance Prepaid	_____		
4. Notes Receivable Discounted	_____		
5. Inventory of fuel on hand	_____		

Classify each account below according to the classification on the right. Write after each the class to which it belongs.	Classification Valuation Controlling
6. Accounts Payable	_____
7. Reserve for Depreciation on Furniture & Fixtures	_____
8. Notes Receivable Discounted	_____
9. Reserve for Bad Debts	_____
10. Accounts Receivable	_____

Classify each item below according to the classification on the right. Write after each the class to which it belongs.	Asset Liability	Classification	Expense or loss Income or gain
11. Bad debts	_____		
12. Accounts Receivable	_____		
13. Expired insurance on merchandise	_____		
14. Inventory of Delivery Department Supplies	_____		
15. Interest Earned	_____		

Fifteen answers _____ Total errors _____

Section IV

Computations

- The Third National Bank has collected our sight draft for \$347.56. They charge us 1/10% for collecting it. Find the collection charge and the net receipts. Show the answers on the lines provided.
Collection _____ Net receipts _____
- We take advantage of a discount on a bill for \$346.00. The discount rate is 2½%.
Discount _____ Net proceeds _____
- We receive payment from a customer for his 60-day interest-bearing note for \$840.00. The rate of interest is 6%.
Interest _____ Amount Paid _____
- On Jan. 2 we discount a 90-day note of Dec. 18. Face of note \$845.00.
Discount _____ Net Proceeds _____
- On Jan. 15 we discount an interest-bearing note of Dec. 1 for \$1600.00. Time, 90 days.
Interest Earned _____ Proceeds _____

Ten answers _____ Total Errors _____

Section V

Statements

From the following trial balance and adjustment data fill in the blank spaces provided.
Trial Balance of William Armour, June 30, 19-----

Merchandise Inventory	100	00		
Cash	1250	00		
Furniture and fixtures	50	00		
Merchandise Purchases	300	00		
Merchandise Sales			550	00
Discount on Purchases			10	00
Discount on Sales	20	00		
Accounts Receivable	200	00		
Accounts Payable			300	00
Notes Receivable	300	00		
Notes Payable			470	00
Interest Earned			5	00
Interest Paid	15	00		
Insurance Prepaid	80	00		
General Expense	20	00		
William Armour, Capital			1000	00
	2335	00	2335	00

Adjustments: Inventories July 31: Merchandise \$40.00 Expense \$5.00 Insurance unexpired \$60.00 Rate of Depreciation on Furniture & Fixtures 10%

1. The total amount realized from sales was _____.
2. The old merchandise inventory was _____.
3. The total cost of purchases was _____.
4. The cost of sales was _____.
5. The Gross Profit or margin was _____.
6. The amount of expenses consumed was _____.
7. The amount of insurance expired was _____.
8. The amount of depreciation on furniture and fixtures was _____.
9. The total liabilities amounted to _____.
10. The total assets amounted to _____.

Ten answers

Total errors _____

DIRECTIONS FOR GIVING TESTS

By Whom Given

If possible tests should be given by the department head or by a teacher who does not teach any of the classes tested. Classes may be combined while taking the test.

Preparation

Before beginning the test, pupils should clear their desks and be provided with a marking pencil. A copy of the test should be placed on each desk and the pupils should be instructed not to begin until the signal is given.

Directions to Pupils

This is an exercise covering all the work you have had. Now turn the test face up and fill in the blanks provided for your name and your class designation. Be sure to read carefully the directions at the beginning of each section. When you have finished you will find on the blackboard a figure which indicates the number of minutes you have spent on the test.

Write this time at the top of the first page. You will be allowed thirty minutes. Start the test when told to begin.

Timing the Test

The person giving the test should begin to record the time on the blackboard after about ten minutes. He should record the elapsed time every minute. At the end of thirty minutes, he should say: "Stop!"

Scoring the Test

The pupils may score their own papers. In order to score the tests uniformly, the person giving the test should read from the answer sheet and make sure that the pupils place the correct number of errors in the blank spaces at the bottom of each section. An error should be indicated by making a cross through the mistake. All errors should be added and entered at the top of the first page.

Reporting the Results

Report results for each class on the score sheet accompanying the test. A sample of the score sheet filled in is given on page 28.

SCORE SHEET

Subject—Bookkeeping I

Date—September 24, 1932

Class Number—10-A-41

No. of Test—1

Sec. I—a—Total errors—special journals
 Sec. I—b—& c—Total errors—journalizing
 Sec. II—a & b—Total errors—daily posting
 Sec. II—c—Total errors—posting totals
 Sec. III—Total errors—classes of accounts
 Sec. IV—Total errors—debit & credit balances
 Sec. V—Total errors—profit and loss

Pupils arranged in order		Time in Minutes	Section I		Section II		Sec.	Sec.	Sec.	TOTAL
			a	b & c	a & b	c	III	IV	V	
Pupil Number 1		30	1	0	0	0	1	0	0	2
2		28	1	1	0	4	1	0	2	9
3		20	1	1	0	4	1	1	1	9
4		24	1	2	0	2	4	0	0	9
5		20	2	0	3	1	0	0	3	9
6		25	2	3	1	1	2	0	0	9
7		25	2	0	3	4	0	0	1	10
8		20	2	0	4	4	1	0	0	11
9		25	0	2	4	3	0	0	3	12
10		30	2	2	3	3	4	0	0	14
11		20	1	4	2	4	2	0	3	16
12		20	3	6	4	4	0	0	1	18
13		14	2	8	0	4	3	0	2	19
14		22	3	6	1	2	2	2	3	19
15		30	2	10	4	1	2	0	1	20
16		28	5	3	4	1	3	1	3	20
17		27	3	6	2	2	5	3	0	21
18		25	1	6	0	4	7	0	3	21
19		20	1	13	4	2	1	2	0	23
20		25	3	5	6	4	3	2	1	24
21		25	5	4	7	2	3	1	2	24
22		29	5	9	2	1	7	1	0	25
23		30	4	11	3	3	4	3	3	31
24		22	6	16	2	1	5	0	2	32
25		30	2	12	6	4	6	2	3	35
26		22	7	12	4	3	4	2	3	35
27		27	5	15	6	4	6	1	0	37
28		30	7	14	5	4	6	0	3	39
29		30	4	15	7	4	6	7	3	46
Total Errors			83	186	87	80	89	28	46	599
Per cent of answers incorrect			15.9	71.3	50.0	92.0	34.1	10.7	26.4	34.4
Per cent of answers correct			84.1	28.7	50.0	8.0	65.9	89.3	73.6	65.5

From a study of this score sheet, teachers will observe that the range of errors was 2 to 46; the upper quartile, 11; the median, 20; the lower quartile, 25.

The summary at the bottom of the score sheet shows class achievement. It shows in which section of test pupils were weakest and in which they were strongest. For each pupil a similar record will be found by following the figures opposite his number. The score sheet is valuable for the use of the teacher, principal, or supervisor because it gives a summary of class results, but the teacher should carry the analysis further. He should study the types of errors made,

ascertain if possible the cause for making them, and study particularly the difficulties of his poorer pupils.

INTERPRETING TESTS FOR THE PURPOSE OF PROVIDING REMEDIAL INSTRUCTION

The diagnosis of pupils' errors is an important step in testing upon the completion of each unit of work. It is especially important to diagnose the cause for errors and to provide remedial teaching during the first few weeks of a semester.

To assist the teacher in making a diagnosis of class errors, the committee has made a diagnostic analysis of the results of the test shown on page 29.

Number of errors—		ANALYSIS OF PUPIL ERRORS—Graph #2					
		5	10	15	20	25	30
Sec. 1—	1a	www					
	2a	ww					
	3a	www					
Special Journals	4a §	www	www	www	www	www	www
	5a	www					
	6a	www					
	7a #	www	www	www	www	www	www
	8a	www	www	www	www	www	www
	9a	www	www	www	www	www	www
	1b	www					
	2h †	www	www	www	www	www	www
	3b †	www	www	www	www	www	www
	4h §	www	www	www	www	www	www
	5h	www					
	6b	www					
	7b #	www	www	www	www	www	www
	8b †	www	www	www	www	www	www
Journalizing	9h *	www	www	www	www	www	www
	1c	www					
	2c	www					
	3e	www					
	4c §	www	www	www	www	www	www
	5c	www					
	6c	www					
	7e #	www	www	www	www	www	www
	8c	www					
	9c *	www	www	www	www	www	www
Sec. II—	1a	www					
	2a	ww					
	3a *	www	www	www	www	www	www
Daily Posting	4a †	www	www	www	www	www	www
	1h #	www	www	www	www	www	www
	2b *	www	www	www	www	www	www
	3h *	www	www	www	www	www	www
	4h †	www	www	www	www	www	www
	1c #	www	www	www	www	www	www
Posting Totals	2c *	www	www	www	www	www	www
	3c *	www	www	www	www	www	www
	4c †	www	www	www	www	www	www
Sec. III—	1	www	www	www	www	www	www
	2	www					
	3	www					
Classification of Accounts	4 †	www	www	www	www	www	www
	5 †	www	www	www	www	www	www
	6 #	www	www	www	www	www	www
	7 ¶	www	www	www	www	www	www
	8 *	www	www	www	www	www	www
	9	www					
Sec. IV—	1	www					
	2	www					
	3	www					
Classification of Balances	4	www	www	www	www	www	www
	5	www					
	6	ww					
	7	www					
	8	www					
	9	www					
Sec. V—	1 ¶	www	www	www	www	www	www
Finding P. & L.	2 ¶	www	www	www	www	www	www
	3 ¶	www	www	www	www	www	www

In order to explain clearly the method of analyzing errors the following graph has been constructed. The graph shows how the twenty-nine pupils responded to each of the sixty questions. The numbers of the questions are arranged vertically and each bar represents the number of pupils who failed in a particular question. For example, in question 3a of Section I, five pupils failed; in question 4a, twenty-seven pupils failed.

As the errors scattered over the whole test group themselves about certain topics, marks have been placed to the left of the bars labeling the difficulties belonging together. Many, for example, are marked with *. These deal with entries in the notes payable account, notes payable journal, and postings from that journal. Bars marked with # call attention to entries in the notes receivable journal, and postings to the notes receivable account. Those marked with † deal with the purchases, sales, inventory accounts, and finding the profit and loss. Bars marked with ‡ deal with the purchases journal, sales journal, and postings from them. Those preceded by § call attention to the purpose of the general journal and the types of transactions that should be entered in it. Bars marked with ¶ deal with the general expense account.

REMEDIAL INSTRUCTION

These markings give the lesson topics about which to build remedial instruction. Let us consider bars marked *. These show the need for reteaching the work of the bookkeeper when he deals with notes payable.

In preparation for this lesson, the teacher should emphasize the purpose of notes, and have the class review carefully the form of a promissory note.

He should then review the notes payable journal making sure the pupils know what information is entered in each column. He should also review the cash payments when the note is paid.

As a special drill upon the proper recording of notes payable, each pupil, under the direction of the teacher, should perform the following drills:

Prepare in his notebook forms for the notes payable journal, cash receipts and payments journals, and the necessary ledger accounts for posting three notes payable, each made payable to the same person. The pupils should record the three notes in the notes payable journal; the teacher should provide each pupil with enough college currency to pay the notes; the pupils should enter this cash in the cash receipts journal. Assuming that the due date for two of the notes has arrived, they should pay them and record the payment of them in the notes payable and cash payments journals, then post these entries. After posting, the pupil should rule the notes payable journal and post the total.

The teacher and class should now review orally, step by step, the important points of the lesson emphasizing the reason why each entry was made in the manner stated. The teacher may provide additional exercises of a similar nature applicable to any other difficulty which the pupil may have.

To sum up, the steps in bookkeeping diagnosis are: First, obtain a record of the class performance on a test by computing the range, upper quartile, median, and lower quartile of the class. If possible compare these results with those of other classes taking the same test. Second, tabulate the errors in order to determine the frequency of occurrence of each error. Third, arrange the errors in groups according to type or kind. Fourth, if possible, discover what caused pupils to make each kind of error. Fifth, construct lesson plans providing in them for the reteaching of knowledge and skills in which any considerable number of pupils are weak. Only in this way can the teacher, at the beginning of a learning unit, be sure that he can proceed with the teaching of new knowledge and skills.

PART II

COURSE OF STUDY IN BOOKKEEPING

BOOKKEEPING I

First Year

UNIT I TO KEEP THE RECORDS OF PERSONAL BUSINESS AFFAIRS

Specific Objectives and Suggested Activities

1. *Study the financial problems of the individual.*
The first lesson in bookkeeping should give the pupil an overview concerning the value and method of keeping business records relating to a person. The teacher should contrast the knowledge and feeling of security which a person enjoys who keeps such records, with the lack of knowledge and money management which one suffers who does not. Also describe some of the methods by which individuals keep records of their personal business affairs. These personal business records include the preparation of budgets, keeping cash records as a check

on the operation of budgets, and summarizing receipts and expenditures in statement form.

2. *Ascertain how much one is worth.* Raise the question: "How can one find out how much he is worth?" Develop by means of explanation and illustration the method of compiling a list or inventory of a person's possessions, a list of his debts, and a statement of his net worth. The statement of net worth may be converted into an equation in which it is shown that:
Things owned — things owed = net worth.
Things owned = things owed + net worth.
In the case where a person owes nothing:
Things owned = net worth. Follow the development by compiling simple statements of net worth.

3. *Keep a simple cash record.* Explain the importance of cash records and how necessary it is to keep them accurately. Develop by means of explanation and illustration the form and use of a simple personal cash record, such as a pupil might keep.
4. *Compile a personal budget.* Discuss the advantages of compiling personal budgets. This compilation includes a determination of the proportions of income that should be spent for various purposes. The proportions of income which are allowed in the budget for each purpose should be determined by reference to previously kept cash records. In the development of the lesson, write a budget following the plan described.
5. *Keep a classified cash record.* Discuss the necessity of keeping a cash record to be used as a check on the budget, and how this may be done. In the presentation part of the lesson, illustrate how a classified cash record should be written and in the application part require pupils to write one or more.
6. *Compile a statement of income and expenditures.* Compile for the pupils a statement of income and expenditures using as the data for it one of the cash records written as an exercise in the foregoing section. Require pupils to compile similar statements.
7. *Compile a statement of net worth.* Compile for the pupils a statement of net worth showing how such statements should be made at the end of a period. When compared with the net worth statement which was made at the beginning of this period, the increase or decrease in net worth is revealed. Write an equation of the net worth statement similar to the one illustrated in Section 2.

UNIT II—TO KEEP THE RECORDS OF A PERSONAL BUSINESS ENTERPRISE

Specific Objectives and Suggested Activities

1. *Study the problems involved in organizing a small personal enterprise.* Call to the attention of the class the fact that some boys and girls earn money by conducting a newspaper or magazine route, selling cards, candy, or in other ways. Discuss the problems involved in obtaining the money to begin business, how to secure customers, how to satisfy customers, and the importance of keeping orderly records. Also make it clear that when a boy or girl owns and runs a small business enterprise, he should keep the records relating to it separate from any other records he may desire to keep.

If the school is located in an agricultural community, it is suggested that these records be kept on an agricultural enterprise. In order to initiate such a study, the following suggestions are offered:

Study the problems involved in organizing and carrying through to completion a single

agricultural enterprise. Keep in mind that such an enterprise involves planning, production and marketing. Junior projects such as would be conducted in connection with a general course in agriculture as outlined in the State Department of Public Instruction Bulletin No. 15 provides opportunity for such records.

If there is an agricultural department in the high school, the vocational agricultural home project offers an excellent opportunity for keeping business records. The home project requires a plan; a budget must be set up in addition to the many problems involved in marketing.

2. *Compile an initial net worth statement.* Show by compiling a simple net worth statement of the enterprise that the cash investment equals the capital or net worth of the business enterprise at its beginning. Express this fact also by means of an equation similar to the one used in Unit I, Section 2.
3. *Keep a cash record.* Develop by means of explanation and illustration the method of recording the cash receipts and expenditures for a small personal business enterprise.
4. *Compile an income statement.* Compile for the pupils an income statement using as the data for it the cash record written as directed in the foregoing paragraph. Require pupils to compile similar statements.
5. *Compile a statement of net worth.* Compile for the pupils a statement of net worth showing how such statements should be made at the end of a business period. When compared with the net worth statement which was compiled at the beginning of the period, the increase or decrease in net worth is revealed. Write an equation similar to the one illustrated in Section 2. Compare the method of showing this increase by means of an income statement with the method of showing it by means of two consecutive net worth statements.

UNIT III—TO KEEP THE RECORDS OF A FAMILY'S FINANCIAL AFFAIRS

Specific Objectives and Suggested Activities

1. *Study the financial problems of the family.* The first lesson in this unit should give the pupil an overview concerning the value of keeping business records relating to a family. The teacher should contrast the knowledge and feeling of security which a family enjoys when it keeps such records with the lack of knowledge and money management which it suffers when it does not. Also describe some of the methods by which heads of families keep records of their business affairs. These family business records include the preparation of budgets, keeping cash records as check on the operation of budgets, and summarizing receipts and expenditures in statement form.

2. *Compile an initial statement of net worth.* Ask the question: "How does the family ascertain its net worth?" Develop by means of explanation and illustration the method of compiling a list or inventory of a family's possessions, a list of the family's debts and a statement of the family's net worth. The statement of net worth may be converted into an equation as explained in Unit I, Section 2.
 3. *Compile a family budget.* Discuss the advantages of compiling family budgets. The compilation includes a determination of the proportions of income that should be spent for the various purposes. The proportions of income which are allowed in the budget for each purpose should be determined by reference to previously kept cash records. In the development of the lesson, write a budget following the plan described.
 4. *Keep a classified cash record.* Discuss the necessity of keeping a cash record to be used as a check on the budget, and how this may be done. In the presentation part of the lesson, illustrate how a classified cash record should be written and in the application part, require pupils to write one or more.
 5. *Compile a statement of income and expenditures for the family.* Compile for the pupils a statement of income and expenditures using as the data for it one of the cash records written as an exercise in the foregoing section. Require pupils to compile similar statements.
 6. *Compile a statement of net worth.* Compile for the pupils a statement of net worth showing how such statements should be made at the end of a certain period. When compared with a net worth statement which was made at the beginning of this period, the increase or decrease in net worth is revealed. Write an equation similar to the one written as part of the work called for in Section 2.
- and illustration the method of ascertaining the club's net worth. Write an equation similar to the one illustrated in Unit I, Section 2.
3. *Compile a budget for the club.* Discuss the advantages of compiling club budgets. The compilation includes a determination of the portion of income that should be spent for various purposes. The proportions of income which are allowed in the budget for each purpose should be determined by reference to previously kept cash records. In the development of the lesson write a budget, following the plan described.
 4. *Keep a classified cash record for the club.* Discuss the necessity of keeping a cash record to be used as a check on the budget and how this may be done. In the presentation part of the lesson, illustrate how a classified cash record should be written and in the application part, require pupils to write one or more.
 5. *Compile a statement of income and expenditures for the club.* Compile for the pupils a statement of the income and expenditures using as the data for it one of the cash records written as an exercise in the foregoing section. Require pupils to compile similar statements.
 6. *Compile a statement of net worth.* Compile for the pupils a statement of net worth showing how such statements should be made at the end of a certain period. When compared with a net worth statement which was made at the beginning of the period, the increase or decrease in net worth is revealed. Write an equation similar to the one written in Section 2.
 7. *Study the methods of safeguarding cash and other property of a club.* Discuss the need for safeguarding cash and other property of a club. In developing this lesson, stress the need of keeping cash records; of opening a bank account; of compiling inventories; of authorizing all expenditures; of renting a safe deposit box, and of auditing the records and papers of a club.

UNIT IV—TO KEEP THE RECORDS OF A CLUB'S FINANCIAL AFFAIRS

Specific Objectives and Suggested Activities

1. *Study the financial problems of a club.* The first lesson in this unit should give the pupil an overview concerning the value of keeping business records relating to clubs. Such an overview should include a discussion of: The method of financing club activities; the method of compiling a net worth statement for a club; the sources of income; what activities to engage in; the preparation of a club budget; the need for a classified cash record; the need for an income and expenditures statement; and the various methods of safeguarding the cash and other property of a club.
2. *Compile an initial statement of a club's net worth.* Ask the question: "How do the members of a club or association ascertain its net worth?" Develop by means of explanation

UNIT V—TO KEEP THE RECORDS OF SPECIAL CLUB PROJECTS

Specific Objectives and Suggested Activities

1. *Study the problems involved in organizing and carrying out a club project.* The first lesson in this unit should give the pupils an overview concerning the value of keeping business records relating to club projects. Such an overview should include a discussion of: The kind of project in which to engage; an estimate of probable income and expense; making appropriations for the proposed project; financial reports; returning proceeds to the club treasury.
2. *Compile an estimate of the probable income and expenses of a project.* Select a project

which is of interest to the pupils. Such a project might be: Planning a candy sale, a play, a dinner, or a dance. Develop by means of explanation and illustration the method of compiling an estimate of the probable income and expense.

3. *Discuss the necessity for an appropriation which constitutes the initial worth of the project.* Concerning an estimate of probable income and expenses, which was compiled in the foregoing section, discuss the necessity of having a sum of money with which to defray the cost of beginning a project. This sum of money should be obtained from the treasury of the club by means of an appropriation and such an appropriation constitutes the initial net worth of the project.
4. *Compile a statement of initial net worth of a project.* Using the amount of the appropriation which was decided upon in the foregoing section, show in a statement of net worth for the project planned that it constitutes the initial investment. Write an equation similar to the one illustrated in Unit I, Section 2.
5. *Keep a cash record.* Develop by means of explanation and illustration the method of recording cash receipts and expenditures for a club project.
6. *Compile an income statement.* Compile for the pupils an income statement using as the data for it the cash records written as directed in the foregoing paragraph. Require pupils to compile similar statements.
7. *Compile a statement of net worth.* Compile for the pupils a statement of net worth showing how such statements should be made when the project has been completed. When compared with the net worth statement which was compiled in Section 4, the increase or decrease in net worth is revealed. Write an equation similar to the one written in Section 4. Compare the method of showing this increase by means of an income statement with the method of showing it by means of two consecutive net worth statements.

UNIT VI—TO KEEP THE ACCOUNTS OF A PROJECT CONDUCTED BY AN ASSOCIATION

Specific Objectives and Suggested Activities

1. *Study the problems involved in organizing and carrying out a project conducted by an association.* The first lesson in this unit should give the pupils an overview concerning the method of organizing, financing, and carrying out such a project. Such an overview should include a discussion of: The kind of project in which to engage; the making of an estimate of probable income and expenses; the making of an appropriation for launching the project; who are to be responsible for conducting the

project; the keeping of accounts; the making of financial reports; and the returning of proceeds to the association treasury.

2. *Compile an estimate of the initial cost of stock.* Select a project which is of interest to the pupils. Such a project might be selling refreshments at a game. This project is also one which might be used by clubs or associations outside of school, such as athletic associations, farm clubs, literary associations, and the like. Develop by means of explanation and illustration the method of compiling an estimate of the probable initial cost of beginning the project.
3. *Compile a statement of initial net worth for the project.* Concerning the estimate of probable income and expenses, which was compiled in the foregoing section, discuss the necessity of having a sum of money with which to defray the cost of beginning the proposed project. This sum of money should be obtained from the treasurer of the club by means of an appropriation and such an appropriation constitutes the initial net worth of the project. Using the amount of the appropriation which was decided upon, compile a statement of initial net worth for the project. Write an equation of the net worth statement similar to the one illustrated in Unit I, Section 2.
4. *Keep accounts.* Using the net worth statement compiled as instructed in the foregoing paragraph, show the account records of the initial investment in T accounts. Also show then in the form of an equation, and impress upon the pupils the idea that the total of the amounts on one side of the accounts in a business equal the total of the amounts on the other side.
5. *Record cash transactions in account form.* Using appropriate amounts, develop by means of explanation and illustration the method of recording changes in the business resulting from buying and selling. In addition to the cash and the capital (or net worth) accounts which were developed in the foregoing paragraph, the account records will include purchases and sales. Compare the method of recording cash changes in a cash record with the method of recording them in a cash account.
6. *Compile an income statement.* From an analysis of the purchases and sales accounts, compile an income statement.
7. *Compile a statement of net worth.* Compile, from an analysis of the account records which were written in the foregoing paragraphs 4 and 5, a final statement of net worth showing how such statements should be made when the project has been completed. When compared with the net worth statement which was compiled in the foregoing Section 3, the increase or decrease in net worth is revealed.

Write an equation similar to the one written as directed in Section 3. Compare the method of showing this increase or decrease by means of an income statement with the method of showing it by means of two consecutive net worth statements.

UNIT VII—TO KEEP THE ACCOUNTS AND OTHER RECORDS OF A SCHOOL BUSINESS PROJECT¹

Specific Objectives and Suggested Activities

1. *Study the problems involved in organizing a school business project and compile an estimate of initial costs.* Select a project which is of interest to the pupils. Such a project might be the sale of candy, cakes, and supplies from a table managed by the students' association. Develop by means of explanation and illustration the method of compiling an estimate of cost of stock, making an appropriation for launching the project; keeping accounts; making financial reports; and returning profits to the students' association treasury.
2. *Compile a statement of initial net worth for the project.* Concerning the estimate of probable income and expenses which was compiled in the foregoing section, discuss the necessity of having a sum of money with which to defray the cost of beginning the proposed project. This sum of money should be obtained from the treasurer of the club by means of an appropriation and such an appropriation constitutes the initial net worth of the project. Compile the statement of net worth for your project.
3. *Record initial capital, purchases, and sales transactions in account form.* Using the net worth statement compiled as instructed in the foregoing paragraph, show the account records of the initial investment in "T" accounts. Also show the equation of the net worth statement. Using appropriate amounts, develop by means of explanation and illustration the method of recording changes resulting from buying and selling. The accounts used will include cash, capital, purchases, and sales.
4. *Record expense transactions in account form.* In addition to the accounts mentioned in the foregoing paragraph, develop by explanation and illustration the method of recording expense transactions in account form. Such expense transactions might be telephone calls, postage, wrapping paper, and bags. Assume that there will be no expense inventory at the end of the week.
5. *Compile a merchandise inventory.* Assume that a certain amount of candy and cakes remain unsold at the end of the first week. Compute the value at cost of each kind of candy

and cake. When the value of each kind of cake or candy has been found, list it, stating after it its cost value. This schedule of unsold goods is known as an inventory.

6. *Compile an income or profit and loss statement.* Using the account records which were developed as instructed in the foregoing Section 4 and the inventory just completed, compile an income or profit and loss statement.
7. *Compile a statement of net worth or balance sheet.* Compile, from an analysis of the account records which were written in the foregoing paragraph 4, a final statement of net worth showing how such a statement should be made when the project has been completed. When compared with the net worth statement which was compiled in the foregoing Section 3, the increase or decrease in net worth is revealed. Write an equation similar to the one written as directed in Section 3. Compare the method of showing this increase or decrease by means of two consecutive net worth statements.

UNIT VIII—TO KEEP THE RECORDS OF A PROFESSIONAL MAN

Specific Objectives and Suggested Activities

1. *Study the financial problems of a professional man.* These problems include: Keeping a record of cash receipts, cash payments, money owing to him, money he owes, writing and sending out statements of indebtedness to clients or patients, purchasing supplies and equipment, compiling inventories, and compiling statements of income and statements of net worth.
2. *Ascertain the present worth of the professional man.* List the items of worth owned by a professional man. Compute the value of each, and compile a statement showing his present worth. The statement of net worth may be converted into an equation as described in Unit I, Section 2.
3. *Keep a simple cash record.* Set up a simple cash record.
4. *Keep a record of what his patients or clients owe him.* The record of what his clients owe him may be kept by a professional man in a variety of ways. The charges of such a man are for professional service, and many men keep the record of such service in an appointment book. It may also be kept in the form of ledger accounts called accounts receivable. Decide upon a form of account record which best suits the needs of the circumstances and record charges and payments in them.
5. *Compile inventories.* Compile inventories of furniture and fixtures, professional supplies and office supplies, and other consumable material.

¹ For a complete statement of the accounting of extra-curricular activities see page 44.

6. *Compile an income statement.* Compile an income statement based on the records which were written as directed in foregoing sections of this unit.
7. *Compile a final balance sheet.* Compile a balance sheet for the end of the bookkeeping period. When compared with the net worth statement which was compiled at the beginning of this period, the increase or decrease in net worth is revealed. Convert the facts in the statement into an equation as illustrated in Unit I, Section 2.

UNIT IX—TO RECORD IN T ACCOUNT FORM THE TRANSACTIONS OF A SMALL STORE RUN ON A CASH BASIS

Specific Objectives and Suggested Activities

1. *Study the method of organizing and opening a small store.* Discuss such problems as: Method of obtaining the initial investment or capital; selecting a location; when to buy; where to buy; how much to buy; quality of goods; prices; methods of advertising and selling; providing for such expenses as rent, light, and heat; and keeping adequate records.
2. *Compile an initial balance sheet.* Assume that the business man has acquired the necessary capital and is ready to buy his new stock of goods. Compile his initial net worth statement or balance sheet. Also write the equation showing that cash investment equals capital.
3. *Keep the account records of the initial investment and other business transactions.* By explanation and illustration, develop the method of recording in T accounts the initial investment, the purchase of a stock of goods and furniture and fixtures, the sale of some of the goods, and expenditures for such expense items as rent, bags, wrapping paper, and string.
4. *Compile a trial balance.* From the accounts written as directed in the foregoing paragraphs, compile a trial balance of totals. Follow this exercise by compiling another trial balance of differences.

UNIT X—TO ASSEMBLE THE RECORDS OF COSTS AND INCOME FOR A SMALL STORE RUN ON A CASH BASIS

Specific Objectives and Suggested Activities

1. *Compile a merchandise inventory.* Assume that a certain amount of merchandise is left on hand at the end of the first month in the business described in the foregoing unit. Compute the value at cost of these goods. When the value of each kind of merchandise has been found, list it, stating after it its cost value. This schedule of unsold merchandise is known as an inventory.

There will be no expense inventory, since the rent is paid monthly and the supply of paper, bags, and string is used up.

2. *Compile an income or profit and loss statement.* Using the account records which were developed as instructed in Paragraph 3 of Unit IX and the inventory compiled as instructed in the foregoing paragraph, compile an income or profit and loss statement.
3. *Compile a final balance sheet.* Compile a balance sheet using the account records written in Section 3 of Unit IX. Compare the method of showing the increase or decrease in capital by means of the income or profit and loss statement written as directed in Section 2 with the method of showing this increase or decrease by means of two consecutive balance sheets, the one compiled in Section 2 of Unit IX and the final balance sheet.
4. *Transfer the balance of the sales account to the profit and loss account.* By means of explanation and illustration, show how the balance of the sales account may be transferred to the profit and loss account. In doing this work, the teacher and class should have before them the profit and loss statement which was developed in the foregoing Section 2 and the account records which were written as directed in Unit IX, Section 3. This transfer is the first entry used in assembling the records of cost and income. Call attention to the fact that this first step corresponds to the first step in compiling the profit and loss statement.
5. *Transfer the balance of the purchases account to the profit and loss account.* Following the plan suggested in the foregoing paragraph, show how the balance of the purchases account is transferred to the profit and loss account. This transfer is the second entry used in assembling the records of cost and income and corresponds to the second step in compiling the profit and loss statement.
6. *Transfer the amount of the merchandise inventory from the profit and loss account to the merchandise inventory account.* Using the merchandise inventory compiled in Section 1, show how the amount of the inventory may be transferred from the profit and loss account to the merchandise inventory account. This transfer is the third entry used in assembling the records of cost and income and corresponds to the third and fourth steps in compiling the profit and loss statement. Explain that if a balance were derived at this point it would equal the gross profit. The determination of such a balance corresponds to the fifth step in compiling the profit and loss statement.
7. *Transfer the balance of the general expense account to the profit and loss account.* Following the plan suggested in the foregoing Section 4, show how the balance of the expense account

is transferred to the profit and loss account. This transfer is the fourth entry in assembling the records of cost and income and corresponds to the sixth step in compiling the profit and loss statement.

The balance of the profit and loss account at this point shows the net profit and corresponds to the seventh or last step in compiling the profit and loss statement.

8. *Transfer the balance of the profit and loss account to the capital account.* Following the plan suggested in the foregoing Section 4, show how the balance of the profit and loss account may be transferred to the capital account. This is the last entry in closing the ledger.

NOTE: This method of closing the ledger is suggested because of its simplicity. People who have a limited need for record-keeping may use it and feel satisfied that it is according to the approved practice of leading teachers and accountants. Other methods are sometimes used by the authors of textbooks, but they seem to be more involved.

UNIT XI—TO RECORD TRANSACTIONS USING THE STANDARD ACCOUNT FORM

Specific Objectives and Suggested Activities

1. *Record the investment in standard account form.* Assume that the pupils are recording in standard account form the investment of a man who is engaged in a small cash and credit business. Explain and illustrate the standard account form, and record the investment. Include an item of merchandise inventory in the investment.
2. *Record in standard account form transactions involving accounts already learned.* Open ledger accounts for capital, cash, inventory, purchases, sales, general expense, and furniture and fixtures.
3. *Record in standard account form transactions involving freight inward.* By explanation and illustration show how to record in standard account form transactions involving the payment of freight on goods coming in.
4. *Record in standard account form transactions involving customers or accounts receivable.* By explanation and illustration show how to record in standard account form sales on account.
5. *Record in standard account form transactions involving creditors or accounts payable.* By explanation and illustration show how to record in standard account form purchases on account.
6. *Record transactions involving returned purchases and returned sales and allowances on purchases and sales.* In a small business it

may not be advisable to open accounts in which to record transactions involving returned sales or returned purchases, rebates and allowances on sales and rebates and allowances on purchases. Such transactions may be recorded in the sales or purchases account.

7. *Record transactions involving notes receivable.* By explanation and illustration show how to record in standard account form transactions involving notes receivable.
8. *Record transactions involving notes payable.* By explanation and illustration show how to record in standard account form transactions involving notes payable.
9. *Record transactions affecting the proprietor's personal account.* By explanation and illustration show how the proprietor's personal account may be used to record withdrawals of cash and merchandise.
10. *Compile a trial balance.* From the accounts written as directed in the foregoing paragraphs, compile a trial balance.

UNIT XII—TO ASSEMBLE THE RECORDS OF COSTS AND INCOME FOR THE TRANSACTIONS RECORDED IN UNIT XI

Specific Objectives and Suggested Activities

1. *Compile a merchandise inventory and an expense inventory.* Assume that at the end of the first month a certain amount of merchandise and consumable supplies are left on hand. Compute the value of the merchandise at cost and write an inventory of it. Also compute the value at cost of the consumable supplies and write an inventory of them calling it an expense inventory.
2. *Compile a work sheet.* Using the trial balance which was developed as instructed in Unit XI, Section 10 and the inventories compiled as instructed in the foregoing paragraph, compile a work sheet.
3. *Compile an income or profit and loss statement.* Using the account records which were developed as instructed in Unit XI and the inventories compiled as instructed in Section I, compile an income or profit and loss statement. In compiling the income or profit and loss statement, use as a guide the work sheet which you wrote as directed in the foregoing paragraph.
4. *Compile a final balance sheet.* Compile a balance sheet using the account records written as directed in Unit XI. Compare the two methods of showing increase or decrease in capital. Refer to the work sheet mentioned in Section 2.
5. *Transfer the balance of sales account to the profit and loss account.* By means of explanation and illustration show how the balance of

the sales account may be transferred to the profit and loss account. More complete instructions are given in Unit X, Section 4. Illustrate the ruling used in closing the sales account.

6. *Transfer the amount of the old inventory to the profit and loss account.* Following the directions given in the foregoing paragraph, transfer the amount of the previous inventory from the inventory account to the profit and loss account. Illustrate the ruling used in closing the inventory account.
7. *Transfer the record of purchases to the profit and loss account.* By means of explanation and illustration show how the balance of the purchases account may be transferred to the profit and loss account. More complete instructions are given in Unit X, Section 5. Illustrate the ruling used in closing the purchases account.
8. *Transfer the balance of freight-in to the profit and loss account.* Transfer the cost of freight-in from the freight-in account to the profit and loss account. Illustrate the ruling used in closing the freight-in account.
9. *Transfer the amount of the new merchandise inventory from the profit and loss account to the merchandise inventory account.* Using the amount of the merchandise inventory compiled in Section I, show how the amount of the new inventory may be transferred from the profit and loss account to the merchandise inventory account. For more complete instructions, see Section 6 of Unit X.
10. *Transfer the amount of expense which has been consumed from the expense account to the profit and loss account.* Referring to the inventory for expense which was compiled as directed in Section 1, determine the cost of consumable supplies which have been used. Transfer this amount from the expense account to the profit and loss account. Illustrate the ruling and balancing of the general expense account.
11. *Transfer the balance of the profit and loss account to the proprietor's personal account.* By explanation and illustration show how the balance of the profit and loss account may be transferred to the proprietor's personal account. Illustrate the ruling and closing of the profit and loss account.
12. *Compile a proof trial balance.* Rule and balance all other accounts and compile a proof trial balance.

UNIT XIII—TO RECORD TRANSACTIONS IN THE FORM OF GENERAL JOURNAL ENTRIES AND TO POST THE ENTRIES TO LEDGER ACCOUNTS

Specific Objectives and Suggested Activities

1. *Record in the general journal the transactions described in a short business narrative.* By means of explanation and illustration show how the initial investment and transactions involving purchases, sales, expense, freight-inward, accounts receivable, accounts payable, notes receivable, and notes payable may be recorded in general journal form.
2. *Post the entries in the general journal to the ledger.* Open ledger accounts in standard form and post to them the journal entries which were recorded as directed in the foregoing paragraph.
3. *Compile a trial balance.* Using the accounts which were written as directed in the foregoing section, compile a trial balance.

UNIT XIV—TO CLOSE THE LEDGER OF THE PREVIOUS UNIT BY MEANS OF JOURNAL ENTRIES

Specific Objectives and Suggested Activities

1. *Compile a merchandise inventory and an expense inventory.* Assume that at the end of the set a certain amount of merchandise and consumable supplies are left on hand. Compute the value of the merchandise at cost and write an inventory of it. Also compute the value at cost of the consumable supplies and write an inventory of them, calling it an expense inventory.
2. *Compile a work sheet.* Using the trial balance which was developed as instructed in Unit XIII, Section 3 and the inventories compiled as instructed in the foregoing paragraph, compile the work sheet.
3. *Compile an income or profit and loss statement.* Using the account records which were developed in Unit XIII and the inventories compiled as instructed in Section 1, compile an income or profit and loss statement. In compiling the income or profit and loss statement, use as a guide the work sheet which you wrote as directed in the foregoing paragraph.
4. *Compile a final balance sheet.* Compile a balance sheet using the account records written as directed in Unit XIII. Compare the two methods of showing the increase or decrease in capital. Refer to the work sheet mentioned in Section 2.
5. *Transfer the balance of the sales account to the profit and loss account through the journal.* By means of explanation and illustration show how the balance of the sales account may be transferred to the profit and loss account

through the journal. Post the journal entry and illustrate the ruling used in closing the sales account.

6. *Transfer the amount of the old inventory to the profit and loss account through the journal.* Following the directions given in the foregoing paragraph, transfer the amount of the previous inventory from the inventory account to the profit and loss account through the journal. Post the journal entry and illustrate the ruling used in closing the inventory account.
7. *Transfer the balance of the purchases account to the profit and loss account through the journal.* By means of explanation and illustration show how the balance of the purchases account may be transferred to the profit and loss account through the journal. Post the journal entry and illustrate the ruling used in closing the purchases account.
8. *Transfer the balance of the freight-in account to the profit and loss account through the journal.* Transfer the cost of freight-in from the freight-in account to the profit and loss account through the journal. Post and illustrate the ruling used in closing the freight-in account.
9. *Transfer the amount of the new merchandise inventory from the profit and loss account to the merchandise inventory account through the journal.* Using the amount of the merchandise inventory compiled in Section 1, show how the amount of the new inventory may be transferred from the profit and loss account to the merchandise inventory account. Post the journal entry.
10. *Transfer the amount of expense which has been consumed from the expense account to the profit and loss account through the journal.* Referring to the inventory for expense which was compiled as directed in Section 1, determine the cost of consumable supplies which have been used. Transfer this amount from the expense account to the profit and loss account through the journal. Post the journal entry and illustrate the ruling and balancing of a general expense account.
11. *Transfer the balance of the profit and loss account to the proprietor's personal account through the journal.* By explanation and illustration show how the balance of the profit and loss account may be transferred to the proprietor's personal account through the journal. Post the journal entry and illustrate the ruling and closing of the profit and loss account.
12. *Compile a proof trial balance.* Rule and balance all other accounts and compile a proof trial balance.

UNIT XV—TO RECORD TRANSACTIONS IN SPECIAL JOURNALS

Specific Objectives and Suggested Activities

1. *Record transactions in the sales journal.* Record in general journal form a series of transactions involving merchandise sales. Record the same series making an individual entry of each account debited but only one entry for the total credit to sales. Discuss the advantage from a labor-saving point of view of summarizing a number of sales entries so that there may be but one credit entry. Post both types of journal entries. By this means you may emphasize the labor-saving achieved through the second method of journalizing.

Record the same series of sales in a sales journal which provides a column for the date, posting folio, account to be debited, address, terms, sales number, and amount.

Post the entries in the sales journal and show the method of ruling it.

NOTE: Some business firms make an extra copy of all bills. These bills are bound together in what is known as a sales-binder. The binder takes the place of a sales journal since the bookkeeper posts the total amount of each bill to the debit of the customer and posts the total of all the bills to the credit of sales.

2. *Record transactions in the purchases journal.* Following the procedure described in the foregoing paragraph, record a series of transactions involving purchases in a purchases journal. Post the entries in the purchases journal and show the method of ruling it.
3. *Record cash transactions in a cash receipts journal.* Following the procedure described in the foregoing paragraph 1, record a series of transactions involving cash receipts in a cash receipts journal. Post the entries in the cash receipts journal.
4. *Record cash transactions in a cash payments journal.* Following the procedure described in the foregoing paragraph, record a series of transactions involving cash payments in a cash payments journal. Post the entries in the cash payments journal. These two cash journals make up the cash book. Rule the cash book.

UNIT XVI—TO RECORD IN A SPECIAL COLUMN CASHBOOK TRANSACTIONS INVOLVING CASH DISCOUNT

Specific Objectives and Suggested Activities

1. *A discussion of the meaning and purpose of trade discount.* Explain the meaning and purpose of trade discount, and provide problems in the calculation of such discounts.
2. *A discussion of the meaning and purpose of cash discount.* Explain the meaning and pur-

pose of cash discount, and provide problems in the calculation of such discounts.

3. *Record in the form of T accounts transactions involving discount on sales.* Record in the form of T accounts a series of cash transactions involving discount on sales.
4. *Record in a special column cash receipts journal transactions involving discount on sales.* Record the series of cash transactions that were recorded in T accounts as directed in the foregoing paragraph in a cash receipts journal which is provided with the following special columns: Account credited, discount on sales, and net cash. Post the entries which have been recorded in the cash receipts journal.
5. *Record in the form of T accounts transactions involving discount on purchases.* Record in the form of T accounts a series of cash transactions involving discount on purchases.
6. *Record in a special column cash payments journal transactions involving discount on purchases.* Record the series of cash transactions that were recorded in T accounts as directed in the foregoing paragraph in a cash payments journal which is provided with the following special columns: Account debited, discount on purchases, and net cash. Post the entries which have been recorded in the cash payments journal, and rule the cashbook.

UNIT XVII—TO RECORD, POST, AND SUMMARIZE THE BUSINESS TRANSACTIONS INCIDENTAL TO RECORDING A PRACTICE SET

Specific Objectives and Suggested Activities

1. *Record and post a business narrative.* Use a business narrative containing examples of all the types of transactions which the pupil has learned to record. Record these transactions in special journals and post.
2. *Compile a trial balance.* Compile a trial balance.
3. *Compile inventories.* Compile a merchandise and an expense inventory.
4. *Compile a working sheet.* Compile a working sheet.
5. *Compile an income or profit and loss statement.* Compile an income and profit and loss statement.
6. *Compile a balance sheet.* Compile a balance sheet.
7. *Close the ledger through the journal.* Following the instructions given in Unit XII, Sections 5 to 11 inclusive, close the ledger.

8. *Compile a proof trial balance.* Rule and balance all other accounts and compile the final trial balance.

UNIT XVIII—TO KEEP THE FINANCIAL RECORDS OF A FARMER

Specific Objectives and Suggested Activities

1. *Study the financial problems of the farmer.* Discuss the financial problems of a farmer. These problems include: Keeping a record of cash receipts, of cash payments, compiling inventories of farm property, of equipment and of salable produce, compiling statements of income and of net worth.
2. *Ascertain the present worth of the farmer.* List the items of worth owned by the farmer. These include: Real estate, live stock, machinery and tools, farm produce, farm supplies, cash, notes and accounts receivable, stocks, bonds, and other investments. List the debts of the farmer. These may include: Mortgages, notes payable, and accounts payable. From these lists, compile a statement of net worth and convert it into equation form as described in Unit I, Section 2.
3. *Keep a cash record.* Explain the need of keeping accurate cash records. The cashbook may take the form of either a simple or a classified record. The columns in a classified record may include such items as: Receipts for produce, poultry, live stock, and miscellaneous income. The cash payments side may include records of payments for labor, feed, and grain, live stock, and miscellaneous costs.
4. *Keep account record.* Open accounts for customers who do not pay cash and for creditors from whom the farmer has bought on time. Where desirable, also include accounts for notes payable and notes receivable.
5. *Compile inventories.* By means of explanation and illustration develop the method of keeping a farm inventory. In estimating the value of buildings and equipment, allowance should be made for a percentage of depreciation. The inventories thus compiled should be summarized and recorded yearly.
6. *Compile an income statement.* Using the previous records of costs, sales, and depreciation, compile an income statement.
7. *Compile a final balance sheet.* Compile a balance sheet for the end of a certain period. When compared with the net worth statement which was compiled at the beginning of this period, the increase or decrease in net worth is revealed. Convert the facts in the statements into an equation as illustrated in Unit I, Section 2.

BOOKKEEPING II

Second Year

UNIT I—TO UNDERSTAND AND USE
CONTROLLING ACCOUNTS*Specific Objectives and Suggested Activities*

1. *Discuss the advantages of subdividing the ledger.* By means of explanation and illustration show how accounts with customers and accounts with creditors may be segregated. When these accounts have been segregated, the ledger containing accounts of customers is known as the accounts receivable ledger; the ledger containing accounts with creditors is known as accounts payable ledger, and the ledger which contains all other accounts is known as the general ledger.

2. *Discuss the necessity for having in the general ledger an account which is a summary of the accounts receivable and show how it should be used.* Enter several sales transactions in a sales journal. Post each individual entry to its proper customer account in an accounts receivable ledger. Summarize the entries in the sales journal by writing a summary entry debiting accounts receivable and crediting sales. Post this entry.

With this record before the pupil, indicate the advantages of segregating accounts receivable in a special book, and show that the one debit entry to accounts receivable in the general ledger is equal to all the individual debit entries posted to customers' accounts.

3. *Record in a cash receipts journal payment for a number of sales.* Enter in a cash receipts journal several payments for sales which were recorded as directed in Section 2. Post each individual entry to its proper customer account in the accounts receivable ledger. Summarize the entries in the cashbook by writing a summary entry crediting accounts receivable and debiting cash and discount on sales. Post this entry.

With this record before the pupil, show that the one credit entry to accounts receivable in the general ledger is equal to all the individual credit entries posted to customers' accounts.

4. *Record in the general journal transactions which affect accounts receivable.* Enter in a general journal a few transactions which involve the use of a special accounts receivable column. Post each individual entry to its proper customer account in the accounts receivable ledger. Summarize the entries in the general journal by writing a journal entry debiting general ledger items and crediting accounts receivable.

With this record before the pupil, show that the one credit entry to the accounts receivable

account in the general ledger is equal to all the individual credit entries posted to customers' accounts.

5. *Compile a schedule of customers' account balances.* Compile a schedule of the balances of accounts in the accounts receivable ledger and compare the total of this schedule with the balance of accounts receivable account in the general ledger.
6. *Discuss the necessity for having in the general ledger an account which is a summary of the accounts payable and show how it should be used.* Enter several purchase transactions in a purchase journal. Post each individual entry to its proper creditor account in an accounts payable ledger. Summarize the entries in the purchases journal by writing a journal entry crediting accounts payable and debiting purchases. Post this entry.

With this record before the pupils, indicate the advantages of segregating accounts payable in a special book, and show that one credit entry to accounts payable in the general ledger is equal to all the individual credit entries posted to creditors' accounts.

7. *Record in a cash payments journal payment for a number of purchases.* Enter in a cash payment journal several payments for purchases which were recorded as directed in Section 5. Post each individual entry to its proper creditor account in the accounts payable ledger. Summarize the entries in the cashbook by writing a journal entry debiting accounts payable and crediting cash and discount on purchases. Post this entry.

With this record before the pupil, show that the one debit entry to accounts payable in the general ledger is equal to the total of all the individual debit entries posted to creditors' accounts.

8. *Record in the general journal transactions which affect accounts payable.* Enter in a general journal a few transactions which involve the use of special accounts payable column. Post each individual entry to its proper creditor account in the accounts payable ledger and summarize entries in the general journal by writing a journal entry debiting accounts payable and crediting general ledger items.

With this record before the pupil, show that the one debit entry to accounts payable account in the general ledger is equal to all the individual debit entries posted to creditors' accounts.

9. *Compile a schedule of creditors' account balances.* Compile a schedule of balances of accounts in accounts payable ledger and compare the total of this schedule with the balance of the accounts payable account in the general ledger.

UNIT II—TO REVIEW THE USE OF CONTROLLING ACCOUNTS

Specific Objectives and Suggested Activities

1. *Record a series of business transactions in special journals.* Record a series of transactions which involve the use of a special column cash-book, a purchases journal, a sales journal, and a general journal. Summarize each of the special journals.
2. *Post.* Post the entries which were written as directed in Section 1 to the general, accounts receivable, and accounts payable ledgers.
3. *Compile a trial balance.* Compile a trial balance of the general ledger.
4. *Compile schedules.* Compile schedules of the balances in the accounts receivable and accounts payable ledgers.
5. *Compile inventories.* Compile a merchandise inventory and an expense inventory.
6. *Compile a working sheet.* Compile a working sheet.
7. *Compile an income or profit and loss statement.* Compile an income or profit and loss statement.
8. *Compile a balance sheet.* Compile a balance sheet.
9. *Close the ledger.* Write the necessary entries for closing the ledger, post, and rule.
10. *Compile a proof trial balance.* Compile a proof trial balance.

UNIT III—TO RECORD TRANSACTIONS IN WHICH CREDIT INSTRUMENTS ARE USED

Specific Objectives and Suggested Activities

1. *Discuss credit problems.* Discuss the importance and use of credit in conducting business.
2. *Discuss the form and use of drafts.* By means of explanation and illustration show how to write various kinds of drafts and study the significance of the draft in credit relationships.
3. *Discuss the form and use of the trade acceptance.* By means of explanation and illustration show how to write a trade acceptance and study the significance of the trade acceptance in credit relationships.

4. *Review the use of the promissory note.* Review the value of promissory notes as credit instruments and compare the relations of parties to a note with those of parties to drafts and trade acceptances.
5. *Record in a notes receivable and notes payable register.* By means of explanation and illustration show how to record notes, drafts, and trade acceptances in the registers. If the registers are not used for books of original entry, record transactions involving notes, drafts, and trade acceptances in the general journal.

UNIT IV—TO RECORD TRANSACTIONS INVOLVING INTEREST

Specific Objectives and Suggested Activities

1. *Review the meaning of interest and the methods of calculating it.* Review the methods of calculating interest and provide problems for drill in calculating it.
2. *Develop the method of recording interest cost.* By means of explanation and illustration show how to record interest cost, first in journal form and then in account form. Record these same transactions in cash payments journal.
3. *Develop the method of recording interest income.* By means of explanation and illustration show how to record interest income, first in journal form and then in account form. Record these same transactions in the cash receipts journal.

UNIT V—TO RECORD TRANSACTIONS INVOLVING BANK DISCOUNT

Specific Objectives and Suggested Activities

1. *Review the meaning of discount and the methods of calculating it.* Review the methods of calculating discount and provide problems for drill in calculating discount.
2. *Develop the method of recording discount on notes payable.* By means of explanation and illustration show how to record discount or interest cost first in journal form and then in account form. Record these same transactions in a cash receipts journal using a special column for interest cost.
3. *Record contingent liabilities.* Explain the meaning of contingent liability when notes receivable are discounted.
4. *Develop the method of recording discount on non-interest-bearing notes receivable.* By means of explanation and illustration show how to record discount or interest cost on non-inter-

est-bearing notes, first in journal form and then in account form. Record these same transactions in the cash receipts journal using a special column for interest cost.

5. *Develop the method of recording discount on interest-bearing notes receivable.* By means of explanation and illustration show how to record interest income or interest cost, in discounting interest-bearing notes, first in journal form then in account form. Record these same transactions in a cash receipts journal using, when interest cost is shown, a special column for interest cost. If the result of the calculation shows interest income, a separate entry should be made.

UNIT VI—TO REVIEW THE USE OF SPECIAL COLUMNS AND CONTROLLING ACCOUNTS

Specific Objectives and Suggested Activities

1. *Record a series of business transactions in special columns in the cashbook and general journal.* Record a series of transactions which involve the use of a special column cashbook, a general journal, and a purchases journal and sales journal. Summarize each journal.
2. *Post.* Post the entries which were written as directed in Section 1 to the general, accounts receivable, and accounts payable ledgers.
3. *Compile a trial balance.* Compile a trial balance of the general ledger.
4. *Compile schedules.* Compile schedules of the balances in the accounts receivable and accounts payable ledgers.

UNIT VII—TO UNDERSTAND AND CLASSIFY ACCOUNTS AND MAKE ADJUSTMENTS OF THEM

Specific Objectives and Suggested Activities

1. *Discuss the necessity for making adjustments in accounts.* Discuss the need for making adjustments in accounts at the end of a business period.
2. *Study the method of recording prepaid expenses.* By means of explanation and illustration show how to record prepaid expenses. Provide drill exercises based on the recording of prepaid expenses.
3. *Study the method of recording deferred income.* By means of explanation and illustration show how to record deferred income, and provide drill exercises based on the recording of deferred income.
4. *Study the method of recording accrued expenses.* By means of explanation and illustration show how to record accrued expenses, and provide drill exercises on the recording of accrued expenses.

5. *Study the method of recording accrued income.* By means of explanation and illustration show how to record accrued income, and provide drill exercises based on the recording of accrued income.
6. *Review the method of recording contingent liabilities and of adjusting them on the books.* Review the method of recording the contingent liabilities and show the method of removing this type of liability when it no longer exists.
7. *Study the method of evaluating certain fixed assets.* Discuss the need for adjusting the evaluation of certain fixed assets, and show how the depreciation is calculated and how it is recorded.
8. *Study the method of evaluating accounts receivable.* Discuss the need for adjusting the evaluation of accounts receivable and show how the loss on bad debts is calculated. Explain how this estimated loss is recorded.
9. *Classify accounts.* Using the accounts studied up to this time, show the method of classifying them.

UNIT VIII—TO DRILL UPON ADJUSTING ACCOUNTS AND SUMMARIZING ACCOUNT RECORDS

Specific Objectives and Suggested Activities

1. *Compile a working sheet.* Provide pupils with a trial balance and data for making adjustments. From the information in the trial balance and other data given compile a working sheet which is provided with columns for recording the adjustments.
2. *Compile the income or profit and loss statement.* Using the working sheet which was compiled in the foregoing section, compile an income or profit and loss statement.
3. *Compile a balance sheet.* Using the working sheet which was compiled in the foregoing Section 1, compile a balance sheet.
4. *Record adjusting and closing entries.* In T account form, open accounts containing balances as shown in the trial balance which was supplied in Section 1. Also, using the data in the profit and loss statement and the working sheet, make the adjusting and closing entries. Post the entries and rule the accounts.
5. *Compile a proof trial balance.* Compile a proof trial balance.

UNIT IX—TO RECORD, POST, AND SUMMARIZE THE BUSINESS TRANSACTIONS INCIDENTAL TO RECORDING A PRACTICE SET

Specific Objectives and Suggested Activities

1. *Record and post a business narrative.* Use a business narrative containing examples of all

the types of transactions which the pupil has learned to record. Record these transactions in special journals and post.

2. *Compile a trial balance.* Compile a trial balance.
3. *Compile inventories and necessary adjustment data.* Compile inventories and necessary adjustment data.
4. *Compile a working sheet.* Using the data furnished in the foregoing section, compile a working sheet.
5. *Compile an income or profit and loss statement.* Compile an income or profit and loss statement.
6. *Compile a balance sheet.* Compile a balance sheet.
7. *Record the adjusting and closing entries.* Using the data in the profit and loss statement and the working sheet, make the adjusting and closing entries. Post the entries and rule the accounts.
8. *Compile a proof trial balance.* Compile a proof trial balance.

UNIT X—TO DEVELOP THE METHOD OF KEEPING PARTNERSHIP RECORDS

Specific Objectives and Suggested Activities

1. *Discuss the essential features of a partnership business.* Discuss the meaning of partnership and the information usually contained in partnership agreement.
2. *Discuss special partnership accounts.* By means of explanation and illustration show how to keep the capital and personal accounts of partners.
3. *Open the books of a partnership.* By means of explanation and illustration show how to open a set of books suitable for a partnership business.
4. *Explain the method of admitting a new partner.* Discuss the problems involved in admitting a new partner to the business.
5. *Explain the method of recording the withdrawal of a partner.* Discuss the problems involved in recording the withdrawal of a partner from the business.
6. *Explain the method of distributing the profits among the partners.* Discuss the method of calculating interest on proprietors capital and of distributing the profits among the partners.
7. *Explain the method of making statements in partnership bookkeeping.* By means of explanation and illustration show the difference between the balance sheet and profit and loss statement of a single proprietorship and those of a partnership.

8. *Explain the method of dissolving a partnership.* Discuss the problems involved in dissolving a partnership.

UNIT XI—TO RECORD TRANSACTIONS IN ADDITIONAL SPECIAL JOURNALS

Specific Objectives and Suggested Activities

1. *Record transactions involving the use of the notes receivable journal.* By means of explanation and illustration show how transactions involving the use of the notes receivable journal should be recorded. Also show how to write the summary entry.
2. *Record transactions involving the use of the notes payable journal.* By means of explanation and illustration show how transactions involving the use of the notes payable journal should be recorded. Also show how to write the summary entry.
3. *Record transactions involving the use of the returned sales journal.* By means of explanation and illustration show how transactions involving the use of the returned sales journal should be recorded. Also show how to write the summary entry.
4. *Record transactions involving the use of the returned purchases journal.* By means of explanation and illustration show how transactions involving the use of the returned purchases journal should be recorded. Also show how to write the summary entry.
5. *Record transactions involving the use of the petty cash journal.* By means of explanation and illustration show how transactions involving the use of the petty cash journal should be recorded. Also show how to write the summary entry.
6. *Record transactions involving the use of additional special columns in the cashbook.* Discuss the advantages of having a special column in which to record cash sales. Enter several cash sales transactions.

Discuss the advantages of having a special column in a cash payments journal in which to record selling expense and general expense transactions. Enter several selling expense and general expense transactions.

Special types of business require special columns. Substitutions should be made in the columns herein suggested whenever such changes are needed.

UNIT XII—TO SUMMARIZE BUSINESS TRANSACTIONS INCIDENTAL TO RECORDING A PARTNERSHIP PRACTICE SET

Specific Objectives and Suggested Activities

1. *Compile adjustment data and find the interest on the partner's capital account.* Supply

the pupils with the trial balance of a partnership business. Also, supply them with schedules of accounts receivable and accounts payable and necessary inventories.

Using this data determine the necessary adjustments and compute the interest on each partner's capital.

2. *Compile a working sheet.* Compile a working sheet.
3. *Compile an income or profit and loss statement.* Compile an income or profit and loss statement.
4. *Compile a balance sheet.* Compile a balance sheet.
5. *Record and post the adjusting and closing entries.* Record and post adjusting and closing entries and rule the accounts.
6. *Compile a proof trial balance.* Compile a proof trial balance.

UNIT XIII—TO DEVELOP THE METHOD OF KEEPING CERTAIN CORPORATION RECORDS

Specific Objectives and Suggested Activities

1. *Discuss a corporation and the method of organizing one.* Discuss the meaning of incorporation and the information usually contained in articles of incorporation.
2. *Discuss special corporate accounts and books.* Discuss and illustrate the special corporate ac-

counts necessary when opening a set of corporation books.

3. *Explain the method of changing a partnership into a corporation.* For the purpose of showing how to change a single proprietorship or a partnership business into a corporation, discuss the method of closing the books of the old business and opening the books of a corporation.
4. *Explain the method of opening the books of a new business.* Discuss and illustrate the method of opening the books of a new business recently incorporated.
5. *Explain the method of distributing the profits in a corporation.* By explanation and illustration show how profits are distributed by a corporation.
6. *Explain the special features of a corporation balance sheet and a corporation income statement.* Discuss and illustrate the balance sheet of a corporation and the income statement. Point out the special features of corporation statements.

NOTE: This unit is provided merely for the purpose of giving the pupil a few of the essentials involved in corporation bookkeeping. Wherever more than two years of bookkeeping are included in a curriculum additional corporation bookkeeping may be given in the third year.

BOOKKEEPING III

Third Year

A detailed outline of the work for Bookkeeping III is not given in this course of study. Such a course should have as its objectives advanced vocational knowledge. Such knowledge would be required only of pupils in districts wherein there is a demand for bookkeepers who have extensive knowledge. Should a school desire to include a third year of bookkeeping

in the program of studies information concerning suggested course contents may be secured from the State Department of Public Instruction. Since a third year of bookkeeping would be a skill subject and highly vocational in its nature, it should be placed in the twelfth year.

PART III

A SUGGESTED RECORD SYSTEM FOR A SCHOOL ORGANIZATION

SUPERVISION OF EXTRA-CURRICULAR FINANCES¹*Need for Supervision*

Extra-curricular activities are expected to give the pupil practice in useful types of activity, but practice alone does not make perfect. Practice must be properly guided and supervised in order to be sure that the expected benefits will be derived, and it is necessary to supervise carefully extra-curricular activities if we are to guard against the danger of the wrong kind of practice resulting in the formation of bad habits which may seriously reduce the net benefits received. This danger is particularly insidious if associated with some of the incidental features of the student activity, such as the financial transactions which are subsidiary to the main purpose of the student organization. But when a student who would not be tempted to steal a dime of personal funds from another student's purse will calmly appropriate to his own use hundreds—perhaps thousands—of dollars of student organization funds, the seriousness of the situation may be recognized. Without supervision, there is danger that the students will develop the attitude that organization funds do not belong to anyone in particular, that no special care need be exercised in handling these funds, and that no great harm is done by taking some of the money when convenient.

One reason for this undesirable tendency is that attention has been focused on the major purpose of the extra-curricular organization, while financial transactions have been considered a necessary evil which should not be mentioned in polite society. Writers and speakers on the subject have usually neglected the topic of financial procedure. Until recently, there seems to have been very little open discussion and investigation to determine the most desirable method of performing such important activities.

If the amount of money handled amounts to \$4 a year for each of the 500,000 or more high school pupils in Pennsylvania, then this topic is concerned with the almost unbelievable sum of \$2,000,000 per year. This sum is so large that it not only justifies but reveals an imperative need for proper guidance.

This emphasis upon financial matters is not an attempt to eclipse the fundamental objectives of the extra-curricular organization. But if the main purposes are to be attained, finances should be carefully and systematically handled so as to facilitate rather than to hinder the success of the project. Money

may be the root of much evil, but under our present economic system it is often an essential prerequisite to the successful development of an extra-curricular program. A familiar illustration of this fact is athletics which must have money in order to succeed. The financing of an extra-curricular activity is merely an incidental problem, but if it is neglected, the activity itself may be embarrassed. On the other hand, the proper handling of financial transactions will strengthen the organization. Furthermore, a positive advantage may accrue if the student develops correct financial habits that will be useful to him in later life.

Unfortunately, experience has proved that this advantage cannot be depended upon to appear automatically. An athletic team is not sent out without the supervision of the coach, and we should not deprive extra-curricular organizations of financial supervision that will help the student learn the safest methods of handling other people's money. The frequent newspaper reports of graft among public officers in this country challenges the school to provide training that will encourage a higher type of citizenship. The only safe policy is to maintain constant supervision over all extra-curricular finances so that we can help the student officers become responsible and dependable representatives of their organization. These students are immature in years and experience and the guidance of a more experienced person is needed to help them derive enough benefit from the activity to justify its existence as part of the educational program. The young people who engage in extra-curricular activities are greatly influenced by their environment, and their future welfare demands that they witness and participate in only the very best methods of handling money.

Specialized Supervision

Ordinarily, it is preferable to provide special supervision of financial transactions, because they are usually very different in nature from the principal purposes of the student project. In many schools, each organization is provided with an adviser or sponsor who is a member of the faculty and expected to be the official medium through which the school encourages the desired development of the activity. Theoretically, this faculty adviser could give financial advice as well as other advice. But in practice, he is likely to become interested in the primary purposes of the group, with the result that finances are neglected. Furthermore, in many cases he is not specially trained in that field and, perhaps, has never made a careful study to discover the best financial system for a student organization. For example, the main purpose in athletics is to deal with the activities of human beings, and the officers and faculty adviser of an athletic organization are usually selected on the basis of their interest in athletics with little inquiry concern-

¹ This report is included in the manual to aid secondary schools to make a more complete analysis of the financial situation existing in individual schools. It was prepared by the following committee:

H. A. Heath, State Teachers College, Indiana, Pa. (Chairman)
John F. Davis, Clymer High School, Clymer, Pa. (Secretary)
Hugh M. Bell, Indiana High School, Indiana, Pa.
R. W. Beamer, Elders Ridge High School, Edri, Pa.

The committee, which was a sub-committee of the Committee on Records and Reports, worked under the direction of William H. Bristow.

ing their ability to organize properly financial details, which are a matter of handling money and require an entirely different type of organization from that for athletics. If the coach has time and is familiar with approved financial methods, he might well be given the extra responsibility of guiding financial affairs. But in many cases the coach's time is crowded with his regular duties, so that he lacks sufficient time for financial supervision even when qualified for the task. A similar situation is found in many other extra-curricular organizations and it is not unusual to find the faculty adviser reluctant to give financial advice to an inexperienced student treasurer, with the result that financial mismanagement is likely to occur even when the best intentions and the strictest honesty are present.

In order then, to provide adequate guidance over finances, it is usually desirable to select one teacher whose main duty will be to help the students organize and improve their financial procedure. This financial supervisor is not burdened with the other activities of the organization and, therefore, should have time to help the student officers. It is not his function to perform personally the financial transactions, because that would rob the student officers of the experience and valuable training that result from actual participation in financial affairs under careful guidance.

A supervisor could be appointed for each organization, but with numerous clubs many supervisors would be required. Since many of the financial problems of one will be more or less similar to those of the others, considerable unnecessary duplication of effort would exist if each club had its individual financial supervisor. Therefore, it seems advisable to bring the supervision of all the organizations under one supervisor who may have as many assistants as are needed to handle the volume of detail. This plan has the advantage that the supervisor is encouraged to make a specialized study of extra-curricular finances, with an opportunity to make a wide application of any improvements discovered. Furthermore, uniform policies may be more easily applied and the procedure simplified for students who are members of more than one club.

This plan of specialized financial supervision is absolutely independent of the centralized treasury system used in many high schools. The plan can be used in schools that permit each club to handle its own funds through a separate bank account, or it can be used in schools that require all money to be deposited in a special central treasury handled by a faculty member. If the school has a centralized treasurer, he may also act as supervisor if desired, but that is not necessary. The two functions can be combined, or they can be operated separately without interfering with one another.

However, there are many school principals who believe that both the centralized treasury plan and the specialized supervision are necessary if the high school is to derive the greatest possible benefit from its extra-curricular program. If the volume of transactions is small, the centralized treasurer may

well supervise extra-curricular finances, but if it is large, a separate supervision would probably be advisable. It is extremely important that special attention be paid to both phases of the financial operations, regardless of whether the duties are combined in the central treasurer's office or whether the supervision is in charge of another person. The size of the high school is relatively unimportant, because some of the smaller high schools have organizations with a complicated financial program, while most of the larger high schools have a number of small clubs whose financial activities are comparatively simple.

METHOD

A simple method of supervision is to require each extra-curricular organization to submit a report of its financial transactions to the Supervisor, who will prescribe the form, nature and content of the report and verify it by an external audit. The process of verification is simplified by specifying the procedure to be followed and records to be made when transacting financial affairs. The work must be carefully supervised in order to insure that all details are given proper attention. In the "Financial Procedure for Extra-Curricular Finances" suggestive instructions to students are given, permitting a maximum of student participation. If the club officers make a serious attempt to perform the duties outlined for them, this procedure can probably be used without much change. But some student officers are less responsible and the supervisor will find it necessary to keep closely in touch with their activities so that he can remind them of omissions and enforce careful adherence to instructions. It may often be easier for him to handle some of the details himself, so he may desire to change the manual to fit local conditions. He must insist upon proper records even if some of the duties are taken from the student officer. All this should be done tactfully, avoiding unnecessary coercion, and remembering that invisible government is most effective.

Within each organization, the report brings the Supervisor in touch with its whole financial system so that he can discover its weaknesses and help improve conditions. In planning a financial system for an extra-curricular activity, care must be exercised in the selection of procedure. It is not simply a matter of adopting methods which are successful in the business world. Extra-curricular finances are administered by young people with little or no business experience or training, who remain in office only for a short time and are then replaced by other inexperienced officers. Ordinarily, there is no compensation to encourage efficiency. The aim should be to give them a reasonable amount of training, but the system suggested should be simple with every detail carefully explained. The financial operations need to be studied to determine which operations are essential to success and which are not. The student should be guided in making definite plans for the performance of the essential operations at the time and place best suited to the needs of the situation, so as to avoid unnecessary delay and confusion.

THE CENTRALIZED TREASURY

The centralized treasury plan is a method of centralizing extra-curricular funds. The Central Treasurer may be the principal of the high school, or some faculty member under the supervision of the principal, who will receive the funds of all extra-curricular organizations for deposit in one bank account. All moneys collected by the student clubs will be deposited with him and a separate record will be kept for each organization. Whenever an organization desires to make a payment, it will draw an order on the Central Treasurer, who will then make the payment as requested, providing the organization has sufficient funds on deposit. The procedure resembles the operation of a school bank.

The centralized treasury is recommended for the handling of the funds of extra-curricular organizations in the high school, because this plan gives the administrative officers of the high school a definite contract with these financial activities. Even if all other records are lost, the Central Treasurer's records will contain much information which is easily available and constantly under supervision. Furthermore, if each organization handles its funds separately, there will be a burden upon the banks in the community to handle the numerous small accounts, only a few of which will be large enough to be a profitable business and most of which will be of more or less trouble to the bank, because the inexperienced student treasurers are likely to make many mistakes. In some cases the bank service charges will be relatively high when the club maintains only a small balance.

Under the centralized treasury plan these scattered accounts are brought together in one bank account, which will contain the total of all the accounts and is more likely to be large enough to be worthwhile for the bank to carry. Furthermore, the account will be carefully handled through the central treasurer, who soon becomes experienced, so that fewer mistakes are made. Another advantage of the centralized treasury is that when a student treasurer drops out of school, there is no danger of his account being lost or overlooked. If the organization

had an individual bank account, a careless treasurer might fail to leave a record of the amount of funds on deposit or the bank in which deposited.

The Central Treasurer will need the following forms:

- Form 1—Statement of Receipts. Printed or mimeographed and furnished to club treasurer.
- Form 2—Receipt. Kept in Central Treasurer's office. Stock forms of duplicate receipts may be used, but specially printed receipts are preferable.
- Form 3—Cash Receipts Journal. Kept by Central Treasurer. A stock form of multi-columnar paper may be used by writing in the heading for the columns.
- Form 4—Ledger. Kept by Central Treasurer. Stock form.
- Form 5—Treasury Order. Printed or mimeographed in duplicate and furnished to club treasurer.
- Form 6—Checkbook. Kept in Central Treasurer's office. Usually printed by a bank.
- Form 7—Record of Cash Disbursements. Kept by Central Treasurer. Regular multi-columnar form may be used by writing in the appropriate headings.
- Form 8—Purchase Order. Printed or mimeographed in triplicate. Kept in Central Treasurer's office.

These forms are illustrated in the discussion that follows. In addition to these, the Central Treasurer will have a passbook and duplicate deposit slips, which will be furnished by the bank.

When a student has collected money he makes a report on Form 1, shown opposite, and presents it with the cash to the Central Treasurer at the regular time and place designated for this purpose. Each organization is supplied with these forms in advance.

The duplicate of the receipt issued is the basis for the entry in the record of Cash Receipts, as illustrated in Form 3, above. Just before bank-closing time the Central Treasurer will take all money on hand to the bank for deposit, and the duplicate

deposit slip or the pass book will be the basis for the entry in the deposit column of the Cash Receipts.

The entries on Form 3 are posted to the ledger, which contains a separate account for each organization, similar to Form 4, below.

Form 4—Ledger

ACTIVITY ACCOUNT
Hamilton High School
Hamilton, Pennsylvania

Account No. 4
Sheet No. 1

Name of Organization The Mask and Wig Club

Date		Items	F	Rec.	Paid	Dr. Balance	Cr. Balance
1933 Sept.	29	Membership	CR 1	20 00		20 00	
Oct.	4	Sales Expense	CD 1		14 40	5 60	

Both journal entries and ledger postings should be kept up to date. Ordinarily, all ledger accounts will show a debit balance, but if a club does happen to overdraw its account temporarily, the placing of the amount of the overdraft in the credit column will attract the Central Treasurer's attention. If the banks close at 3:00 p. m., the Central Treasurer may decrease the amount of funds held over night by instructing the students to make their deposits between 1:00 p. m. and 2:00 p. m. every day, so that the funds may be deposited in the bank on the same day. The students should be instructed to deposit all money on hand each day at the regular time; however, if any considerable amount of money is collected after the banking hours, students should make special arrangements in advance with the Cen-

tral Treasurer, so that the funds can be protected by being placed in the school safe instead of having the student take the risk of carrying the cash over night.

When the organization desires to spend some of this money, it will draw an order on the Central Treasurer, as illustrated in Form 5, below, which is made out in duplicate, the original filed with the Central Treasurer and the duplicate kept by the club Treasurer. (The Central Treasurer will keep each organization supplied with these forms). The Central Treasurer will then write the check, Form 6, enter the check number on the treasury order, and send both of them to the creditor, who will sign the receipt on the bottom of the Treasury Order and return it to the Central Treasurer.

ACTIVITY ACCOUNT
Hamilton High School
Hamilton, Pennsylvania

Form 5

Check No. 1

The Mask and Wig Club authorizes the payments indicated below.

Name of Club

Name of Payee The Brown Candy Company City

Address

Attach invoice or bill, or describe below.

Date		Quantity	Description	Budget Classification	Price	
					Unit	Total
1933 Oct.	4	480 bars	Cbocolate #20	Sales Expense	0¢	14 40
			480 bars of candy			
			received—J. M. Roberts, Vice-Pres.			

I certify that the prices and clerical accuracy of the above items have been verified, that the items have been received, that each is authorized by our budget, and that this organization is responsible for payment.

Examined and approved for payment.

Rebecca C. Brown

R. M. Jones

Treasurer

Principal

\$ 14.40

PLEASE SIGN AND RETURN

Hamilton, Pa. Oct. 4, 193 3

Received from the Mask and Wig Club of Hamilton High School

Fourteen and 40/100 ----- Dollars

In full payment of the above account.

The Brown Candy Company
by John Smith, Treas.

(Reverse side of Form 5)

HAMILTON HIGH SCHOOL

Form 5 ----- TREASURY ORDER ----- No. 1

ACCOUNT The Mask and Wig Club

DATE Oct. 4, 193 3

IN FAVOR OF The Brown Candy Company

AMOUNT \$ 14.40

When the treasury order comes back to the office of the Central Treasurer, attach all subsidiary papers, and file it numerically as a record and explanation of the disbursement. After the cancelled check comes back from the bank and the bank reconciliation is made, it will be filed with the corres-

ponding treasury order.
At least once a year the Central Treasurer will probably ask the superintendent or the school board to appoint an auditor to verify his records; and this file of treasury orders, if complete, will help much in the verification of disbursements.

No. 1		Form 6 STATE BANKING COMPANY Check No. 1
Oct. 4, 193 3		Hamilton, Pa. Oct. 4, 193 3
To; The Brown Candy Co.		Pay to the
For: 480 Bars Chocolate #20		Order of The Brown Candy Co. \$ 14.40
Balance For'd		Fourteen and 40/100 ----- Dollars
Deposit \$ 62.50		For 480 bars chocolate #20
Total \$ 62.50		
Am't. this check 14.40		Hamilton High School Activity Acct.
Balance \$ 48.10		R. M. Jones
Tax .02		Principal
\$ 48.08		

Care must be exercised to show complete information on the check stub, which is the basis for the entry in the Cash Disbursements Journal, illustrated on the next page. Each of these journal entries is posted to the appropriate account in the ledger. (See Form 4)

ACTIVITY ACCOUNT									
Hamilton High School, Hamilton, Pennsylvania									
CASH DISBURSEMENTS									
Form 7									
Page No. _____									
Date	Payee	Explanation	Check No.	F	Account No.	Account Name	Cash Paid	Bank Balance	
1933 Oct. 4	Brown Candy Co.	Sales Expense Candy	1	+	4	Mask & Wig Club	14 42	48	08

If the organization desires to buy on credit, it must use Form 8, illustrated below, which is made in triplicate, the original white sheet to the seller, the yellow copy to the organization, and the blue copy kept by the Central Treasurer. The purchase orders are kept in the Central Treasurer's office, and none

are issued except from his office. The blue copies are filed in an "Unpaid Accounts" folder as a record of all debts outstanding. When the treasury order is executed, the date and check number are written on the purchase order, which is then transferred from the "Unpaid" to a "Paid" folder.

ACTIVITY ACCOUNT			
Hamilton High School			
Hamilton, Pennsylvania			
R. M. Jones, Principal			
PURCHASE ORDER			
Form 8		Order No. 1	
To	The Brown Candy Company	City _____	
Name of Seller		Address	
You are hereby authorized to furnish the items listed below and charge the _____			
Mask and Wig Club			
Name of Club			
Send all statements, in duplicate, to the high school principal. No charge is valid unless authorized by a purchase order signed by the principal.			
Quantity	Description	Unit Price	Price
480 bars	chocolate #20	03	14 40
			14 40
Please show purchase order number on invoice and package in order to facilitate payment.			
Order requested by	J. M. Roberts	Vice-President	
Name		Title	
Approved on	1933, by R. M. Jones	Principal	
Paid on Oct. 4, 1933, with Check No. 1.		Principal	

FINANCIAL PROCEDURE FOR EXTRA CURRICULAR ORGANIZATIONS

If extra-curricular activities are to yield the full benefit that we have a right to expect, they should provide practice in the use of a proper method for performing a given task. This is especially important with regard to financial procedures. Nothing

less than the best possible kind of training should be tolerated in connection with these activities which are accompanied by so many risks of embarrassing situations.

The following instructions are intended to be a definite guide to extra-curricular organizations in performing financial transactions. The aim is to outline a system that will help the officers in their financial duties and make it possible for them to prepare accurate reports. The Supervisor of Extra-Curricular Finances will help the student clubs install this system and aid in its operation. He will verify these financial records by an external audit, which will prove their accuracy and protect the officers. These records will be the basis for periodic reports, which will be prepared by each organization and submitted to the Supervisor, who will combine them into a summary report to the school authorities.

The general procedure is uniform for all organizations, so that there is less danger of confusion when a student is connected with more than one organization. If these instructions are carefully followed, the procedure in one organization will be similar to that in any other organization. Some of the smaller organizations whose financial transactions are easily explained and few in number, will want a simple system of records and may need only part of the records described in this manual. They will not need to add any details to the system described here beyond the choice of specific names to be used as most clearly descriptive of their transactions. On the other hand, some of the larger organizations will need a fairly comprehensive system of records and will probably desire to expand this skeleton system to show more of the details. Minor variations will be permitted in order to adapt the procedure to differences in conditions; and each organization may subdivide the general accounts as much as necessary to furnish the information desired. The officers of each organization will consult the Supervisor con-

cerning variations, and in each case specific instructions will be issued which should be carefully observed until a change is approved. Definiteness and simplicity have been emphasized, and as a result some of the instructions may be somewhat rigid, but revisions will be necessary as conditions change and as experience reveals opportunities for improvement. The student officers are invited to cooperate with the Supervisor by sending him their suggestions.

PURPOSES

The general purpose of the supervision of extra-curricular finances is to guide and direct the financial activities so that the greatest possible benefit will be derived from each dollar. A special effort should be made to do the following:

1. To train students in the performance of the financial transactions of extra-curricular organizations, and in the use of systematic and business-like methods that will facilitate efficient operations. This training will have educational value to the student officer because it is definite, concrete experience in undertaking specific tasks for which he will be directly responsible. Insofar as the usefulness of the officer is increased, the group has benefited. Furthermore, the student should develop the ability to use sound financial methods in his personal affairs.
2. To develop the attitude that the treasurer of a club is really a trustee, entrusted with the control of money which belongs to others, with the duty of administering the funds for the good of the group. The treasurer renders an unselfish service to his club, but he is responsible for greater care in protecting the money than if it were his own.
3. To assist extra-curricular organizations in the installation and operation of a system of financial procedure that will give effective control over finances with records that are reasonably accurate and clear. The system should encourage honest service, and provide for verification of reports as a protection to the officers. Complete reports should be made to the organization so that all the members may know and understand the results of financial transactions.

4. To supply information to the school administration concerning the financial affairs of the extra-curricular activities. If the public is displeased with any act of the school club, the school will probably receive the blame. Failure to prevent undesirable practices may be construed by the public as an implied approval. Therefore, the school administration should be supplied with complete information so that suggestions may be made when necessary. Unnecessary interference will be avoided as it is preferable for each organization to consider carefully its financial program and discover for itself the opportunities for improvement.

PRELIMINARY ORGANIZATION

Selection of Officers:

The extent to which an organization fulfills its functions depends upon the quality of officers that are responsible for its work, so it is important that much care be exercised in their selection. The persons in charge of an election of new officers should carefully explain to the voters and candidates the principal duties of the different offices and emphasize that the success of the group depends largely upon selecting the person for each office who is best qualified to perform the duties connected with it. The duties of the treasurer require a willingness to make a careful and accurate record of all necessary details. A student that is willing to do this will probably fail to render the quality of service that the organization has a right to expect from its treasurer. No amount of popularity will correct mistakes nor complete inaccurate or inadequate records.

REGISTRATION

The first duty of the officers is to make sure that they are properly registered with the Supervisor as an organization that plans to engage in financial activities. This is accomplished by filling in the blanks on Form R 1, Financial Registration, and filing it with the Supervisor.

This form is illustrated below and may be obtained from the Supervisor. It is important that new officers prepare one of these forms so that the Supervisor's records will be kept up to date and show the names of the officers who are responsible for the financial activities of the organization.

SUPERVISION OF EXTRA-CURRICULAR FINANCES

Hamilton High School, Hamilton, Pennsylvania

Form R 1

FINANCIAL REGISTRATION

Name of Organization The Mask and Wig Club

Purpose To develop social activities and to promote the welfare of the whole student body.

Membership Requirements Regularly enrolled students in the high school

Name of Faculty Advisor M. A. Moore

Sept. 14, 1933

To the Supervisor:

The officers of this organization hereby apply for permission to perform financial transactions. We will send a representative to you for instruction before starting our financial activities.

Signed

William B. Smith

President

N. E. Schmidt

Secretary

J. M. Roberts

Vice-President

Rebecca O. Brown

Treasurer

On Sept. 14, 1933, the total number of active members was 38, as listed below:

Separate list attached.

ANALYSIS OF FINANCIAL ACTIVITIES

After the officers have been elected and the organization has been properly registered with the Supervisor, the next step is to plan the activities that they will attempt during their term in office. The success or failure of a club depends largely upon the care and attention given it by the officers. This being true, they will find it to their advantage to study the situation for the purpose of selecting the activities which will be most helpful. Some of the projects will probably involve financial transactions, which should be given special consideration by the whole group of officers acting as an executive committee. The Treasurer must be responsible for performing the transactions after the decision has been made, but he should not act without first receiving definite authorization.

In general, there are seven points to be considered in organizing the financial program of an extra-curricular organization. Each of these seven processes requires careful attention in order to provide an effective financial procedure.

1. **BUDGET.** An estimate or budget of receipts and expenditures is necessary for intelligent planning and as a guide for the financial operations.
2. **FORMS.** The proper performance of the budget plans will require forms and records which should be selected and prepared in advance, so that there will be no delay when operations begin.
3. **COLLECTIONS.** Successful collection of funds is often a prerequisite to the success of an organization. The sources of funds are decided by the budget. The necessary forms to be used should have been selected and prepared beforehand. Ordinarily, some form of receipt will be issued for every cent collected.
4. **PROTECTION.** After money has been collected, extreme care is necessary to safeguard it against loss or misappropriation. Arrangements should be carefully made in advance in order to provide safety without unnecessary trouble.
5. **DISBURSEMENTS.** A definite procedure is necessary to insure that all payments will be made according to the budget and the desires of the organization. Before payment is made, the Treasurer will require evidence that it is a valid claim against the organization and that payment has been authorized by a Treasury Order.

6. **REPORTS.** The organization and school administration are entitled to complete information in the form of regular reports of all financial transactions that are performed in the name of the organization. Promptness and accuracy are essential.

7. **REVISION.** One way to achieve progress is to improve upon the past. The records should be periodically reviewed and the lesson of experience made effective by a revision of plans for the purpose of eliminating the causes of past failures, and increasing the effectiveness of the successful operations.

THE BUDGET

The exercise of forethought and planning is essential if financial activities are to be effectively controlled. The purpose of budgeting is to prepare a statement which shows an estimate of the expenditures that will be needed to accomplish the objectives of the organization, an estimate of the amount that may be collected, and the proposed methods of raising the necessary funds. Such estimates are commonly used by every organization, but in many cases they are somewhat indefinite, and are likely to be forgotten because they have not been put into writing. A written statement is much more definite and more easily understood.

Each organization should adopt a written budget as part of its formulation of plans for the year. A tentative statement should be prepared by a Budget Committee composed of the President, the Vice-President, the Secretary, and the Treasurer, unless a special committee is appointed. This committee will analyze the general plans of the organization for the year, and determine which objectives will require the expenditure of money. It will classify disbursements and estimate the amount of money needed for each class. Furthermore, it will suggest methods of raising the funds, listing the different sources of revenue and estimating the amount of money that may be derived from each. The total estimated receipts should, of course, equal or exceed the total estimated disbursements, in order to "balance the budget."

The budget will be simple or complex, according to the degree of complexity of the financial activities of the organization. The records of the previous year, if properly kept, will give helpful information concerning the items that were included in the last year's activities, and the names of the accounts to be used during the year should be chosen and a written explanation of each provided for the Treasurer. If the budget of each year is kept on file, showing the estimate at the beginning of the year for each item,

and the actual figure as determined at the end of the year, the task of making the new budget will not be difficult. Form B-1, Budget, is recommended for this purpose.

After the estimates have been tentatively decided upon by the Budget Committee, they should be brought before a business meeting of the organization, and the members given an opportunity to sug-

gest desired changes. Formal action with a definite vote should be taken, authorizing the officers to perform the financial operations included in the budget. This action should be recorded on the minutes of the organization for the protection of the officers. The budget, as finally adopted, serves as a guide to the financial operations of the organization. A specimen budget is shown on the next page.

FORM B1 BUDGET

SUPERVISION OF EXTRA-CURRICULAR FINANCES

Hamilton High School, Hamilton, Pennsylvania

Form B-1

BUDGET

Name of Organization The Mask and Wig ClubPeriod from Sept. 12, 1933 to May 1934Approved and authorized by this organization Sept. 27, 1933M. A. Moore

Signed

Rebecca C. Brown

Faculty Adviser

Treasurer

	Estimated Amounts		Actual Amounts		Variations	
					Increase	Decrease
RECEIPTS						
1. Memberships: 40 at \$1.00	\$ 40	00				
2. Sales: Total from Schedule I	225	00				
3. Other Receipts:						
A. Total Receipts	265	00				
B. Add Cash on Hand Beginning	2	97				
C. Total Funds Available	267	97				
DISBURSEMENTS						
1. National:						
2. Insignia: 40 Members' Buttons at 5¢	2	00				
3. Social: 4 Parties at \$10.00 each	40	00				
4. Advancement: Total from Schedule II	75	00				
5. Service: Total from Schedule III	40	00				
6. Operation: Supplies	5	00				
7. Sales Expense: Total from Schedule IV	100	75				
8. Other Disbursements:						
D. Total Disbursements	262	75				
E. BALANCE (Item C minus D)	5	22				

Filed with the Supervisor on Sept. 28, 1933

Note: See accompanying schedules for explanation of totals. The last three columns will be filled in at the end of the year.

BUDGET SCHEDULES**Schedule I—Estimate of Sales**

Sales of Candy	\$ 75.00
Sales of Play Tickets: 300 @ 50c	150.00
Total Estimated Sales	\$225.00

Schedule II—Estimate of Disbursements for Advancement

Outside Speakers	\$ 40.00
Delegates to Convention	25.00
Scholarship Prize	10.00
Total Estimate for Advancement .	\$ 75.00

Schedule III—Estimate of Service Disbursements

Community Chest	\$ 20.00
School Yearbook	10.00
Flowers	10.00
Total Estimate for Service	\$ 40.00

Schedule IV—Estimate of Sales Expense

Expenses Connected with Sale of Play Tickets:	
Costumes	\$ 20.00
Advertising	10.00
Printing	12.00
Supplies	10.00

Total Play Expense \$ 52.00

Expenses Connected with Sales of Candy:

Cost of Candy	\$ 45.00
Salesmen Commissions	3.75

Total Candy Sales Expense .. 48.75

Total Sales Expense \$100.75

Since the budget is a list of estimates for various items, the budget committee should have a clear understanding of the meaning of each item or account mentioned on Form B-1, Budget, because all receipts and disbursements must be classified under one of these accounts. A suggested list of accounts is given in the illustrative budget on the preceding page, but the conditions in a particular school may make it desirable to select names which are in harmony with the local situation. In any case, each account should be carefully defined in writing. If the officers are in doubt about the classification of any item, the matter should be referred to the Supervisor.

For the sake of simplicity the list of accounts has been kept short. Some organizations may not have any transactions which come within the description of certain accounts and, therefore, will not use those accounts. For example, an athletic organization may need separate records of the receipts from various kinds of sports, which will require subdividing Sales into several different Sales accounts such as Football Sales, Basketball Sales, Baseball Sales, and Track Sales. The general classification should be strictly observed, but each organization may subdivide any account according to its own needs, and use account names which are most expressive for its purposes.

FINANCIAL ACCOUNTS*Receipts**Disbursements*

1. Memberships	1. National	5. Service
2. Sales	2. Insignia	6. Operation
3. Other	3. Social	7. Sales Expense
	4. Advancement	8. Other

EXPLANATION OF ACCOUNTS FOR RECEIPTS

1. **MEMBERSHIPS:** This term refers to money collected from members in payment of charges which apply only to members. Funds collected from non-members will not be recorded in this account but will be classified under Sales, which is explained below. This source of receipts includes such items as dues, fees, assessments, and fines which are ordered by the organization and which the member is expected to pay as part of his responsibility of membership. Usually, a receipt is given to the member when the money is collected.

This account also includes collections from the sale of jewelry and other insignia that are sold only to members, or the sale of tickets or programs to events restricted to members.

If the organization desires to use some name other than membership, it may use the term which is most meaningful for its own use. It may also subdivide memberships into several accounts in order to have separate records of the different kinds of receipts, if it so desires.

2. **SALES:** This account includes all receipts from the sale of privileges, services, or goods that are sold by the organization to non-members as well as members, such as the sale of tickets to events, publications, food, or other transactions in which the organization is the seller. The total or gross receipts are recorded in this account, and all related expenses are listed as disbursements and classified as Sales Expense. This account may be subdivided as need arises.
3. **OTHER RECEIPTS:** This caption is used for all receipts from sources not described in the two accounts preceding. It includes donations and loans received, refunds, and similar items. Each item should be fully explained.

EXPLANATION OF ACCOUNTS FOR DISBURSEMENTS

1. **NATIONAL:** This classification includes all disbursements to the national or district organization, of which the local organization is a part. In this account will be recorded the payment of dues, assessments, and fines levied by the national organization. A number of the school organizations are purely local, and will not have any disbursements of this nature.
2. **INSIGNIA:** The purpose of this account is to show the total disbursements for organization insignia, such as badges, rings, or membership buttons which the organization buys for its members. In many cases, a special charge is

made against each member that receives the insignia. In this case, the collection from the member is recorded as one of the items under Memberships.

3. **SOCIAL:** This classification includes disbursements for social affairs of all kinds, such as picnics, parties, dances, or dinners, the chief aim of which is the social enjoyment of the members. This account may be sub-divided if desired.
4. **ADVANCEMENT:** This account will be a record of all disbursements for the purpose of advancing the major purposes of the organization, or of deriving a lasting benefit for the organization or its members. It will include expenses of delegates to conventions, expenses of holding a convention, expenses of speakers for educational programs, and expenses for prizes or awards given to stimulate some worthwhile activity.
5. **SERVICE:** This account includes all disbursements for the purpose of helping others, such as gifts, donations to a Community Chest, scholarships, payments in support of the year-book or other school activities, and flowers sent as a token of courtesy or sympathy.
6. **OPERATIONS:** This classification includes all disbursements for ordinary operations of the organization, such as postage, stationery, and supplies.
7. **SALES EXPENSE:** This account includes all disbursements that are directly related to the items classified as Sales under Receipts. For example, if candy is sold by a school club, the amount received would be classified as Sales, but the payment for the candy purchased would be classified as Sales Expense, so that the profit from the project may be computed by subtracting Sales Expense from Sales. This account should be subdivided according to the subdivisions of the Sales Account, if any. In some cases, it may be desirable to have several expense accounts for each Sales account.
8. **OTHER DISBURSEMENTS:** In this account are included all miscellaneous items not properly classified in one of the seven accounts above, such as disbursements in a form of a loan.

FORMS

After the budget is approved, it is the duty of the officers to perform the operations authorized therein, and the care with which these arrangements are made has considerable influence upon the success of the financial program. The first item in the budget illustrated on Page 53 is Memberships, explained by the estimate that 40 persons will pay \$1 each in membership dues. When this occurs, the treasurer will need some form of receipt to issue at the time the collection is made.

The next item on the budget is Sales, and Schedule I mentions Sale of Candy and Sale of Tickets. The chairman of the candy sales committee will need a form on which to make a report of his sales. Tickets will be needed for the play, and a form on which the chairman of the ticket sales committee will report the sale of tickets. These receipts, tickets, and forms should be prepared in advance so as to avoid delay and confusion when the time comes to handle the money. It is advisable to make some one person, such as the Vice-President, definitely responsible for preparing these forms or furnishing them to the Treasurer or the chairman of the committee. The Vice-President should consult the Supervisor, who will help in planning the details.

Forms Needed In Connection With Memberships:

When the Treasurer collects the membership dues, he should issue a receipt to each member. To avoid delay and confusion, these receipts should be prepared by the Vice-President in advance. The first consideration in the preparation of receipts is the form to be used. Form C-R on Page 56 is suggested as suitable for many of the organizations. An alternative form would be that used by the Central Treasurer. The Vice-President may well consult the Treasurer before deciding upon a form of receipt. Special forms for each source of receipts are sometimes convenient. If ordinary printed receipts are purchased, the Vice-President should mark them in some way so that they may easily be recognized as the official receipts of the organization. Another method is to have them validated with a rubber stamp by the Supervisor. The Secretary will compile the list of members from them, so each member must insist upon an official receipt. Receipts in duplicate are preferable to the old stub style. As a matter of convenience, receipts should be numbered consecutively, duplicates bearing the same number as the original. When the receipts are delivered to the Treasurer, it is the duty of the Vice-President to prepare a statement similar to Form F-R, Receipts Prepared, which is shown below, certifying the exact number of receipts issued, which will be signed by both the Vice-President and the Treasurer, and filed with the Supervisor.

Hamilton High School	
Hamilton, Pennsylvania	
RECEIPTS PREPARED	
Form F-R	No. 1
Name of Organization: The Mask and Wig Club	
I hereby certify that the number of receipts prepared was exactly 150, with serial numbers from 1 to 150 inclusive.	
Signed	J. M. Roberts
	Vice-President
The number of receipts described above has been delivered to me.	
Date Sept. 27, 1933	Signed Rebecca C. Brown
	Treasurer
Remarks:	

Forms Needed In Connection With Candy Sales:

In order to protect the salesmen, some person such as the Vice-President, who is not connected with sales should have charge of the issue of candy to the salesmen. Form F-C, Candy Issued, as illustrated below, will be prepared by the Vice-President and filed with the Supervisor. This report will verify Item A in Form C-SC, Sales of Candy, illustrated on this page, which is prepared by the salesman and filed with the Supervisor as a Report of the candy sold and money collected.

Hamilton High School
Hamilton, Pennsylvania
CANDY ISSUED

Form F-C No. 1
Name of Organization The Mask and Wig Club

Quantity	Description	Selling Price	
		Unit	Total
240 bars	Chocolate #20	.05	12.00

I hereby certify that the amount of candy issued for sale was exactly as indicated above.

Signed J. M. Roberts
Vice-President

The candy described above has been delivered to me.
Date Oct. 4, 1933 Signed Jane Sellers

Remarks: Salesman

Forms Needed In Connection With Tickets:

The Vice-President will also have charge of the preparation of tickets and will issue them to the salesmen. He will report the number of tickets issued on Form F-T, Tickets Prepared. This form is then sent to the Supervisor, and should agree with the first item on Form C-ST, Sales of Tickets, illustrated on Page 57, which is the salesman's report to the Supervisor of tickets sold and money received.

Hamilton High School
Hamilton, Pennsylvania
TICKETS PREPARED

Form F-T No. 1

Name of Organization The Mask and Wig Club

Name of Event Play—"Looking for Mary Jane"

I hereby certify that the number of tickets prepared was exactly 500, with serial numbers from 1 to 500, inclusive.

Signed J. M. Roberts
Vice-President

The number of tickets described above has been delivered to me.
Date Dec. 14, 1933 Signed Charles R. Fox

Remarks: Salesman

COLLECTIONS

Ordinarily the treasurer will be responsible for all collections of funds. The actual collection may be personally performed by him, or some of the duties may be delegated to others. In any case, he should

protect himself by keeping his records in such a way that they may be verified by an external audit. This requires that some form of receipt be given whenever money is collected. Only official receipts which have been prepared by the Vice-President should be used, so that the auditor can determine the number of receipts issued by counting the unused receipts on hand and subtracting that number from the number prepared by the Vice-President as certified in his report on Form F-R, Receipts Prepared.

If the Treasurer collects the money himself, he will issue a receipt directly to the person paying the money. Form C-R, Receipt, given below, shows that the membership dues of \$1.00 were collected directly by the Treasurer. This receipt is made out in duplicate, one copy given to the member and the other left in the receipt book and preserved by the Treasurer. The entries in Form R3, Cash Receipts, will be derived from these duplicate receipts. (See Page 57.)

Form C-R No. 1

RECEIPT

MASK AND WIG CLUB
Hamilton High School
Hamilton, Pennsylvania

Sept. 28, 1933

Received from Henry Bowman \$ 1.00

One and 00/100 ————— Dollars

For: Membership dues for school year, 1933-1934

Recorded on Page CR 1 Signed Rebecca C. Brown
Treasurer

If the actual collection is delegated to some one else, such as a candy salesman or a ticket salesman, the Treasurer will issue a receipt to the salesman for all money deposited. The salesman will prepare a report on Form C-SC, Sales of Candy, illustrated below, which will be filed with the Supervisor.

If the candy salesman has unsold candy on hand when the sale is over, he should have the Vice-President count it, and sign the certificate at the bottom of the report. This signature serves as a protection to the salesman, as it helps to verify the figures.

The Mask and Wig Club

Hamilton High School, Hamilton, Pennsylvania

SALES OF CANDY

Form C-SC No. 1

Description of Candy Chocolate #20

	No.	Selling Price	
		Unit	Total
A. Amount received for sale as shown on Form F-C, Candy Issued, No. 1, Oct. 4, 1933	240	05	12 00
B. Amount Unsold			
C. Amount Sold (Item A minus B)	240	05	12 00
D. Cash received for change			
E. Cash Due (Item C plus D) (Receipt No. 34)			12 00
Date Oct. 10, 1933 Signed Jane Sellers			
Salesman			

I have verified the amount of candy unsold and certify that the figures given above were accurate on Oct. 10, 1933, except as explained below.

Signed J. M. Roberts

Vice-President

Remarks:

When tickets are sold, the ticket salesman will prepare Form C-ST, Sales of Tickets, illustrated below, and present it to the Supervisor after he has turned in the money collected and received his receipts. The unsold tickets should be verified by the Vice-President before the report is submitted, or they should be brought to the Supervisor to be counted.

THE MASK AND WIG CLUB

Hamilton High School, Hamilton, Pennsylvania

SALES OF TICKETS

Form C-ST No. 1

Name of Event Play—"Looking for Mary Jane"

	No.	Selling Price	
		Unit	Total
A. Number received for sale as shown on Form F-T.			
Tickets Prepared, No. 1, Dec. 14, 1933	500	50	250 00
B. Number Unsold	140	50	70 00
C. Number Sold (Item A minus B)	360	50	180 00
D. Cash received for change			
E. Cash Due (Item C plus D) (Receipt No. 89)			180 00

Date Dec. 15, 1933 Signed Charles R. Fox
Salesman

I have verified the number of tickets unsold and certify that the figures given above were accurate on Dec. 16 (9:00 P.M.) 1933, except as explained below.

Signed J. M. Roberts

Vice-President

Remarks:

PROTECTION

After the money has been collected, it is the duty of the Treasurer to protect it so that none will be lost, stolen, or spent without authority. Ordinarily it should be deposited with the Central Treasurer, who issues a receipt which should be left on file as proof that the money was safely deposited. In order to avoid confusion, all funds collected should be deposited intact and no money should be withheld to pay bills in cash. The Treasurer will carefully record all collections and disbursements so that the balance on hand may be quickly determined whenever desired.

DISBURSEMENTS

The most important consideration in handling disbursements is to be sure that no money is paid out unless definitely authorized by the organization. No payments will be made from the central treasury without a Treasury Order. The money has been deposited with the Central Treasurer, and in order to have a payment made, the organization must file a Treasury Order with him, as shown in Form 5, Page 48. Before the club Treasurer signs the order, he should investigate the transaction carefully, and if unable to verify any part of it, he should obtain the signature of the person that did verify it, as illustrated in the notation "480 bars candy received, J. M. Roberts, Vice-President." The Treasury Orders will be made out in duplicate, the original sent to the Central Treasurer and the duplicate retained by the club Treasurer and recorded on Form R4, Cash Disbursements. (See Page 58).

All purchases on credit must be authorized by a Purchase Order (Form 8, Page 50). This form is obtained from the Central Treasurer, who will also explain its use. No organization should be permitted to incur any indebtedness until the transaction has been approved by a Purchase Order.

THE MASK AND WIG CLUB

Hamilton High School, Hamilton, Pennsylvania

CASH RECEIPTS

Form R3

Page No. C R 1

Date September 12, 1933 Balance of Cash on Hand \$ 2.97

Date 193		Explanation		Other Receipts	Sales			Deposits	
		Name	No.		Tickets	Candy	Member- ship	Total	Amount Date
Sept.	28	Henry Bowman	1				1 00	1 00	
May	10	Sales Candy #7-5/10/33 98				22 00		22 00	22 00 5/10
		Total Rec. during period			180 00	78 00	38 00	296 00	296 00
		Add cash on hand 9/12						2 97	
		Total avail. dur. period						298 97	
		Deduct Total Disb. (CD-1)						294 23	
		Cash on Hand 5/10/33						4 74	

REPORTS

At the end of the fiscal period it is the duty of the Treasurer to render a complete report of all financial transactions on Form R6, Report of Receipts and Disbursements, as shown on Page 59. One copy of this will be filed with the Supervisor and one kept by the organization. In order to compute the figures for this report, it will be necessary to analyze the receipts and disbursements and classify them according to their nature. When the Treasurer received

money he issued a receipt for the amount, so that complete information of all money collected is contained on the duplicates of the receipts which the Treasurer has preserved. The amounts shown on the duplicate receipts will be classified on Form R3, Cash Receipts illustrated on Page 57.

When a financial report is desired, the columns will be totaled and the computation of cash performed as indicated. The receipts section of Form R6 is then easily filled in by copying the column totals from Form R3. (See Page 57).

THE MASK AND WIG CLUB
Hamilton High School, Hamilton, Pennsylvania

Form R 4 CASH DISBURSEMENTS Page No. C D 1

Date		Explanation		Other Disb.	Sales Exp.		Operation	Service	Advance- ment	Social	Insignia	Nat'l	Total			
1933		Name	No.		Candy Ticket											
Oct.	4	Brown Candy Co.	1		14	40							14	40		
	10	Hamilton Dairy Co.	2							1	20		1	20		
May	4	M. L. Nisslev	27						10	00			10	00		
		Total Disb. for the period			42	20	3	92	42	50	90	00	40	00	294	23

Since all disbursements were accomplished by means of the Treasury Order, the duplicate Treasury Orders will contain full information concerning all payments made. In order to classify these payments, the Treasury Orders are entered on Form R 4, Cash

Disbursements, and classified in the special columns, as illustrated above. The totals of these columns are then computed and copied in the disbursements section of Form R 6, as illustrated on Page 59.

SUPERVISION OF EXTRA-CURRICULAR FINANCES

Hamilton High School, Hamilton, Pennsylvania

Form R 6

REPORT OF RECEIPTS AND DISBURSEMENTS OF MONEY

No. 1

Name of Organization The Mask and Wig Club

Period from Sept. 1 1933. to May 10 1934

Submitted by Rebecca C. Brown Treasurer

Approved by M. A. Moore Adviser

RECEIPTS			
1. Memberships		38	00
2. Sales	(Candy —\$ 78.00) (Tickets—\$180.00)	258	00
3. Other Receipts			
A. Total Receipts during period		296	00
B. Add Balance of Cash on hand at beginning of period		2	97
C. Total Money Available during period		298	97
DISBURSEMENTS			
1. National			
2. Insignia		2	00
3. Social		40	00
4. Advancement		90	00
5. Service		42	50
6. Operation		3	92
7. Sales Expense	(Candy —\$42.20) (Tickets—\$73.61)		
8. Other Disbursements		115	81
D. Total Disbursements		294	23
E. Balance of Cash on hand at end of period (Item C minus D)		4	74

Filed with Supervisor on May 13, 1934.
Unpaid Bills; None.
Remarks:

REVISION

After the financial report has been made to the organization, the next step is to study the Report to determine what opportunities exist for improvement in the financial program. The club treasurer should insert the actual figures from Form R 6 in the column provided on Form B 1, Budget, so as to show the relationship between estimates and actual performance. All of the items should be inspected carefully in an effort to discover items of expense which could be reduced without materially decreasing the

benefits received, or items of income which might be increased without hardship. Reports should be prepared at least once each school year and more frequently where conditions warrant it. All reports made by one set of officers should be preserved for the information and guidance of their successors.

Two things are necessary if the financial phases of an extra-curricular activity are to yield the greatest possible benefits. First of all, there must be accurate reports of all financial transactions. Second, these reports must be studied and used as a guide for the future operations of the organization.

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